

Rookwood Cemetery Future governance arrangements

*Cemeteries and
Crematoria NSW*

Final

*Future governance
arrangements for
Rookwood Cemetery*

February 2018

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Executive summary

As the largest cemetery in Australia, Rookwood's deep cultural, religious and environmental heritage makes it a significant and sacred place for large parts of the Sydney community. It is a place of memorial to many faith-based communities. It also provides burial and memorial services for additional religious and cultural groups, industry and community stakeholders and public stakeholders. As such, it is vital that the governance structure upholds the religious and cultural requirements of the faith-based stakeholders and delivers on the objects of the *Cemeteries and Crematoria Act 2013* (NSW) (the Act) that outlines that requirements for all cemeteries in NSW.

In 2016, PricewaterhouseCoopers Consulting (Australia) Pty Limited (PwC) was engaged by Cemeteries and Crematoria NSW (CCNSW) to perform a review (requested by the then NSW Minister for Primary Industries and Minister for Lands and Water, the Hon Niall Blair, MLC) – the objective of which was to provide recommendations for the future governance arrangements for Rookwood Cemetery.

Our review has found that strengthening the corporate governance requirements and introducing a one trust model, preferably with a professional board will best position the Cemetery to deliver on the objects of the Act, in particular to address:

- The responsibility to provide affordable and equitable access to interment services for all members of the NSW community
- The concerns of all stakeholders, including the protection of their religious and cultural requirements
- Urgent issues around land availability in the short term
- The long-term strategic issues, in particular those needing a coordinated response such as future land acquisition
- Complexity in decision making and governance of the whole-of-Rookwood.

Further, a one trust model delivers on the intent of the 2012 cemetery industry reforms, to create 'One Rookwood', and brings the governance structure of the largest Crown cemetery in line with the remaining Crown cemeteries in metropolitan NSW.

However, it is acknowledged that a one trust model with a professional board is not supported by the majority of stakeholders we have engaged with.

Drivers for change

Rookwood is a place of unrivalled significance. It first opened 150 years ago and, over that time, a great many communities have formed deep spiritual and cultural connections with the site. The current governance model at Rookwood involves responsibilities being split between three trusts, two of whom are operating trusts and the Rookwood Necropolis Trust that is responsible for the management of common areas and environmental and heritage requirements. There are at least five key faith-based groups that have extensive involvement in the cemetery's operations and a larger number of stakeholder and community groups that use the cemetery.

The expectations of these community and stakeholder groups should be considered in the context of meeting the requirements of the Act. This review has explored the views and concerns of many of these groups and some of the key drivers of change identified through discussions with these stakeholder groups include:

- **The adoption of the three trust structure was intended to be a stepping stone to a 'One Rookwood' governance model**
- **The Rookwood General Cemeteries Reserve Trust (RGCRT) Administrator has established a stable organisation but stakeholders are contemplating whether the current three trust models can resolve further challenges in the long term**

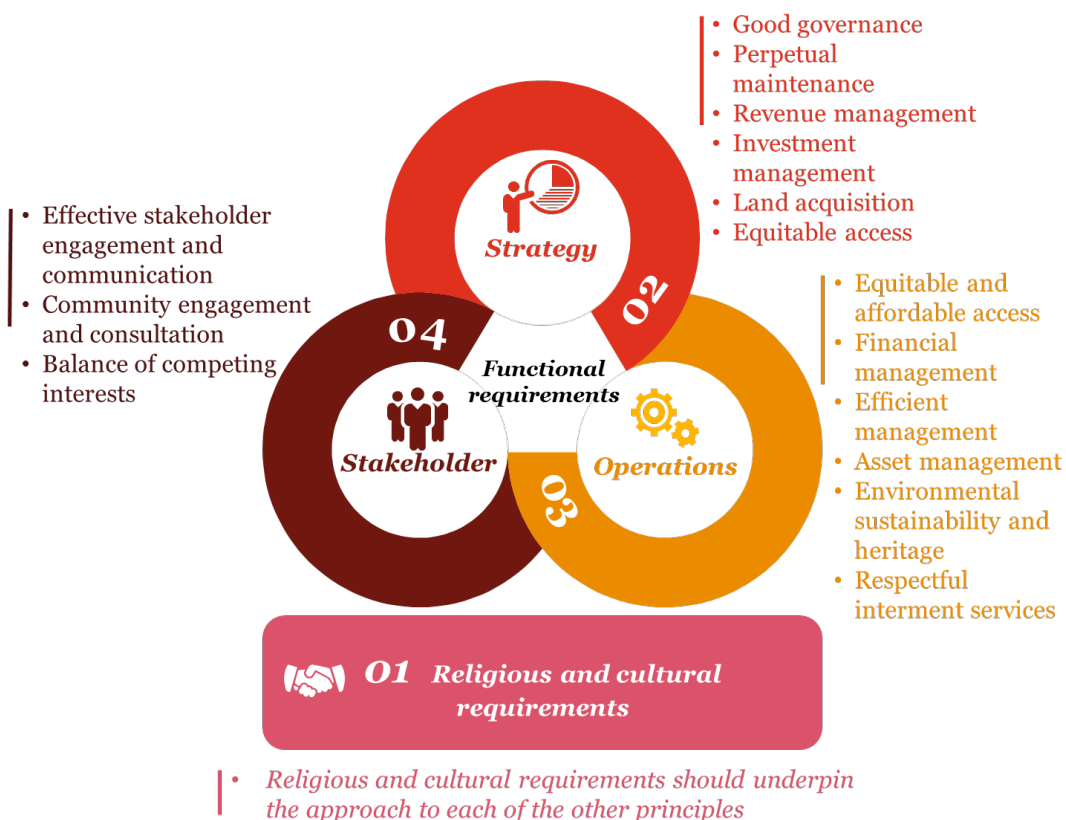
- Land availability is diminishing rapidly and requires a coordinated approach
- Ensuring both the adequate funding of perpetual maintenance needs and delivering affordable and equitable interment services
- The need to protect the environmental sustainability and heritage of Rookwood
- Innovation can deliver increases in the lifespan of Rookwood if they are considered and implemented in a coordinated manner
- Governance arrangements at RGCRT after the current term of the Administrator expires.

Functional requirements were developed through community consultation

Central to any future governance arrangements is the need to uphold and protect the objectives of the Act while balancing the commercial viability and effective management of the cemetery.

With these outcomes in mind, and through consultation with the different stakeholder groups, PwC developed a set of functional requirements that the proposed governance model for Rookwood must be capable of delivering on to be successful.

Figure 1: Functional requirements



Governance model options were developed and assessed against these requirements

Given the limitations for the governance of a Crown cemetery trust, PwC considered a wide range of governance model options for Rookwood based on the outcomes required. As the functional requirements were developed and agreed upon, it was clear that some models were not feasible and the final number for assessment was streamlined to seven options.

- *Option 1:* A continuation of the current three trust structures comprising two operating trusts managing the faith-based areas and one Necropolis Trust (the status quo)
- *Option 2:* One trust with responsibility for the whole-of-Rookwood (the One Trust model)
- *Option 3:* Two operating trusts comprising one managing the Catholic Area and the other managing the remaining faith-based areas
- *Option 4:* Five trusts comprising four operating trusts with responsibility for the faith-based areas split by Catholic, Muslim, Jewish, and remaining areas, and one Necropolis Trust
- *Option 5:* Seven trusts comprising six operating trusts with responsibility for the faith-based areas prior to the amalgamation and one Necropolis Trust
- *Option 6:* A Western Metropolitan Sydney Regional trust structure, where one trust is responsible for Rookwood and at least one other cemetery (the Regional Trust model)
- *Option 7:* No trusts and direct CCNSW management.

To determine which model would most effectively meet Rookwood's challenges, each was assessed and scored against the functional requirements.

Our assessment concluded that a model where one trust is responsible for the governance of Rookwood would be best positioned to effectively meet the required outcomes now and into the future. Our scope did not include forming a view on 'who' should be represented on a board for the one trust. The Act specifies that a crown cemeteries trust must include a Community Advisory Committee (CAC)¹ and this has been built into our recommendations of governance structures.

If a one trust model is implemented, a decision in the future could be made about whether the Crown cemetery trust should have responsibility for one or more additional cemeteries. This could consider whether:

- ***The One Trust model (Option 2)*** would only be responsible for Rookwood Cemetery, or
- ***The Regional Trust model² (Option 6)*** would make Rookwood one of two or more cemeteries that a regional Crown cemetery trust would be responsible for.

The challenge of diminishing space available for burial at Rookwood may mean that even if the One Trust model is implemented at Rookwood, a potential strategic land acquisition decision would evolve the governance structure into a Regional Trust (Option 6). There would be no set timeline for the evolution of a one trust to a regional trust, rather it would be dependent on the acquisition/designation of land as a Crown cemetery.

The **status quo** (Option 1 – a three trust structure) rated the next highest in our assessment. This model may be able to deliver on some of the operational requirements while still maintaining faith-based trust components. As the starting point for any future governance model, and considering the time required to transition to a one trust model, there are a number of steps that can be taken to strengthen the status quo model to improve the effectiveness with which it can deliver on the functional requirements.

Delivering on the required outcomes

Both one trust models align with the original goal to move to 'One Rookwood', as well as delivering on the key outcomes in the following ways:

- ***Transparent and equitable pricing*** – A one trust model has greater capacity to leverage its financial and land resources to deliver an equitable pricing model via cost efficiency, asset management and fulsome

¹ *Cemeteries and Crematoria Act 2013* (NSW), s103 (1)(a)(iii)

² Regional trusts are not necessarily limited to a specific geographic area and can manage more than one cemetery.

community engagement. A one trust model can ensure that access and pricing are equitable across all of Rookwood.

- ***Upholding religious and cultural requirements*** – Currently, Northern and Southern Metropolitan Crown cemetery trusts manage multiple religious and cultural stakeholders through a one trust model. A one trust model allows for relationship managers and area managers to be deployed that understand the nuanced religious and cultural interment requirements. The adoption of either a representative board or a CAC (required by the Act) could serve as an appropriate vehicle for the proper engagement of stakeholders and the wider community.
- ***Diminishing land availability at Rookwood and land acquisition strategies*** – While there are some operational decisions (such as renewable tenure) that can increase the remaining land availability at Rookwood, the only long-term solution is to acquire or facilitate access to additional land outside of Rookwood. A one trust model is better placed to leverage coordinated resources to secure additional land for Rookwood, as it would be able use the full funds available to all trusts to move a consolidated decision on future land purchases. It also mitigates the risk of two or more trusts at Rookwood competing for the same parcel of land and driving up the costs of acquisition.
- ***Perpetual maintenance*** – A one trust model is best placed to utilise the full trust resources to make strategic decisions for the funding of perpetual maintenance, which are in the interests of the ‘whole-of-Rookwood’ and the wider NSW community.
- ***System of accountability and oversight*** – A one trust model is in line with the governance structures at the other metropolitan Crown cemeteries. It would also enable a more efficient system of accountability and oversight. A one trust model would require CCNSW to review only one Strategic Plan and Annual Report for all of Rookwood.
- ***Autonomy for faith-based groups*** – A one trust model still allows for faith-based groups to be provided with appropriate levels of autonomy to make decisions regarding their faiths and dedicated cemetery lands. This can be achieved either through the use of a representative board or through the adoption of an appropriate CAC.

Governance safeguards and transition arrangements

To build trust and confidence in a new governance model, additional checks and balances are required to enshrine good governance principles in the future arrangements at Rookwood. The starting point would be to strengthen the status quo model, including the implementation of clear arrangements with respect to:

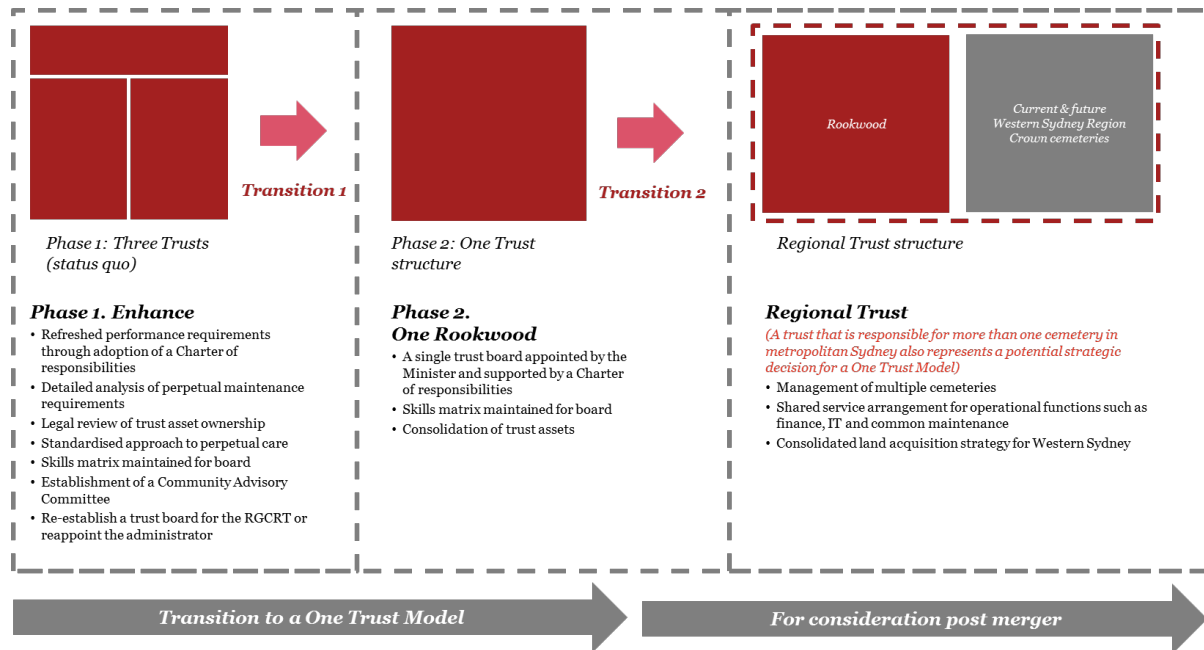
- Board composition
- Purpose and strategy
- Protecting religious and cultural requirements
- Risk recognition and management
- Integrity and accountability
- Stakeholder engagement and communication

It is recommended that the transition to a one trust model is performed over three phase steps, and in consultation with Rookwood’s key religious and cultural stakeholders:

- 1 ***Enhance the existing arrangements*** – Implement a series of measures that will enhance the current structure, including strengthening of the CAC arrangements to ensure religious and cultural requirements are given appropriate consideration.

- 2 **One Rookwood** – Merge the assets of the three Crown cemetery trusts (to the extent that they are derived from Rookwood) into one operating trust that covers all of Rookwood. This may require amendments to legislation to dissolve the Rookwood Necropolis Trust³.
- 3 **Evolution to a regional trust** – the government may also consider a regional trust with responsibility for Rookwood cemetery and other cemeteries in the Western Sydney metropolitan region. This model would be more aligned with the Southern and Northern Sydney Metropolitan Trust structures.

Figure 2: Evolution to a One Trust Model



No matter which governance arrangements are implemented for Rookwood, a comprehensive due diligence should be conducted over each of the existing Rookwood trusts. The assessment would need to address the legal status, ownership of assets and responsibility for the liabilities of the trusts. This assessment would also need to include an assessment of the costs to change and an appropriate implementation road map.

Conclusion

Given the stature of Rookwood and its importance to the religious and cultural groups that have a stake in the cemetery it is vital that it has in place a governance structure that is transparent, equitable and inclusive. With the term of the Administrator set to expire in 2018, it is important that the governance arrangements be flexible enough to ensure the religious and cultural requirements of each of the faith-based groups are protected, while also allowing an effective approach to dealing with the long-term strategic challenges that Rookwood faces. A one trust model, preferably with a professional board supported by a Community Advisory Committee made up of representatives of the stakeholder groups, is the model best placed to achieve this.

Strengthening the status quo may improve the ability of Rookwood to address the immediate concerns of the stakeholders and more effectively uphold the objectives of the Act. However, it does not adequately address the long-term strategic issues such as efficient acquisition of new land for burial purposes.

Rookwood’s future viability as a permanent record and monument to the histories and stories of the people and faiths of Sydney and NSW is facing a number of important challenges. The successful implementation of a one trust model provides an opportunity to ensure that this important cultural and historical facility is protected into the future.

³ This may require amendments to references to the entity in the *Cemeteries and Crematoria Act 2013* (NSW).

Further stakeholder feedback

The Draft Report was provided to the five major stakeholder groups for review and comment. These stakeholders provided some clear views that the level of consultation during the first phase of the project was not adequate and that they did not support the recommendation for a one trust model, with a professional board. In rejecting this recommendation, stakeholders have proposed alternative models with more scope for faith-based representation. On this basis, a number of stakeholders have suggested that the recommendations of this Report not be accepted.

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1 History of Rookwood Cemetery

1.1 A long and proud history

At more than 283 hectares (700 acres), Rookwood is the largest cemetery in the Southern Hemisphere and a suburb unto itself, located in Western Sydney (please refer to figure 3 and 4). Over time, Rookwood has become a place of great personal, cultural, religious and heritage significance for many individuals, serving as the resting place for a great many people of different religious and cultural denominations.

Figure 3: Picture: Rookwood Cemetery location map⁴



In 1867, the *Necropolis Act* first provided 80 hectares (200 acres) for allocation as burial grounds for Church of England, Roman Catholic, Presbyterian, Wesleyan, Independent and Jewish denominations as a General

⁴ Rookwood Necropolis – Plan of Management, March 2013, p11.

Cemetery. Each had a separate faith-based trust that managed, maintained and promoted the interests of its respective communities.

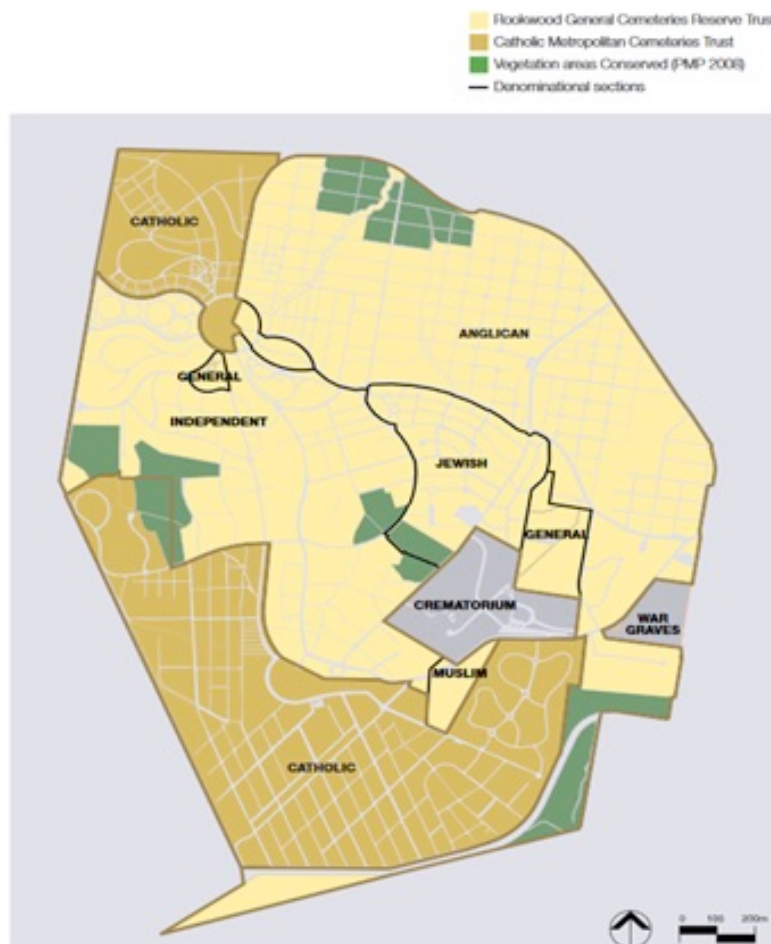
In 1893, a further 233 hectares (577 acres) were dedicated as burial grounds for the Lutheran and Primitive Methodist faiths, and additional burial grounds for the Church of England, Roman Catholics, Presbyterian Wesleyan, Independent and Jewish denominations.

In the years that followed, there have been a number of additions and swaps of land, including in 1923, when the *Necropolis Act* allowed the then Minister to adjust boundaries, and again in 1978 when land previously allocated to the Church of England was relinquished and re-dedicated as a Muslim area. In 2013, there was a decision that the area known as Lot 10 should be split in half to be dedicated to the Jewish and Muslim faiths.

The General Crematorium was opened on the grounds in 1925. Under the current arrangement, it has 9 years to run on a 99-year lease. In 2007, the Catholic trust was given Ministerial consent to establish its own crematorium within their then dedicated lands.

In 2009, the Rookwood Necropolis Trust (RNT) was established to coordinate and manage common areas of Rookwood. This included the ability to collect levies from the General Crematorium. In the same year, the Catholic Cemeteries Board (CCB) was appointed to manage the Catholic Metropolitan Cemeteries Trust (CMCT), including the Catholic areas of Rookwood Cemetery.

Figure 4: Picture: Map of Rookwood Cemetery⁵



⁵ Rookwood Necropolis – Plan of Management, March 2013, p14.

1.2 Regulatory reform and the Act

1.2.1 The 2012 industry reforms

In November 2011, the Minister for Primary Industries and Minister for Small Business commissioned a review of the management of cemeteries in NSW to address the lack of burial space in the Sydney metropolitan area. The expectation was that the review would address:

- Diminishing land supply for sustainable future burial needs
- The protection of all religious practices and customs regarding burial and cremations
- Unsatisfactory governance practices of Crown cemeteries.

In 2012, acknowledging that there was a critical shortage of burial space in NSW, the review introduced a broad base of cemetery reforms in NSW including the *Cemeteries and Crematoria Act 2013* (NSW) (the Act).

The Act specified nine objectives⁶:

- (a) to recognise the right of all individuals to a dignified interment and treatment of their remains with dignity and respect,*
- (b) to ensure that the interment practices and beliefs of all religious and cultural groups are respected so that none is disadvantaged and adequate and proper provision is made for all,*
- (c) to ensure that sufficient land is acquired and allocated so that current and future generations have equitable access to interment services,*
- (d) to provide for the operation of a consistent and coherent regime for the governance and regulation of cemeteries and crematoria,*
- (e) to ensure that the operators of cemeteries and crematoria demonstrate satisfactory levels of accountability, transparency and integrity,*
- (f) to ensure that cemeteries and crematoria on Crown land are managed in accordance with the principles of Crown land management specified in section 11 of the Crown Lands Act 1989,*
- (g) to promote environmental sustainability of the interment industry, including provision for natural and private burials,*
- (h) to promote that cost structures for burials and cremations are transparent across all sectors of the interment industry,*
- (i) to promote affordable and accessible interment practices, particularly for those of limited means.*

The Act also created Cemeteries and Crematoria NSW (CCNSW) and made it the agency (the Agency) in NSW responsible for upholding the objects of the Act. CCNSW was formed to be the centre of proactive policy development for the interment industry, and to ensure that sufficient land was acquired and equitably allocated to meet the burial needs of all communities, religious and cultural groups in a way that respects and upholds their various beliefs and practices.

⁶ *Cemeteries and Crematoria Act 2013* (NSW), s3

The Act and the Agency were formed at the same time to enshrine in legislation a *'commitment to recognise and take account of the right of all individuals to a dignified interment and the treatment of their remains with respect. This includes ensuring that the beliefs of all community groups are respected and equitable and affordable access to interment services is adequately provided, irrespective of religious or cultural heritage'*⁷.

Further, to improve the management and oversight of cemeteries, the Act set out minimum governance requirements for Crown cemetery trusts, including the requirement for:

- A strategic plan⁸
- A plan of management⁹
- Financial management, audits and reports¹⁰
- A finance committee, an audit and risk committee, and a community advisory committee (CAC) to liaise with communities to which the trust board provides cemetery services¹¹
- Planning, conduct and maintenance¹²
- A system in place to levy fees and charges¹³.

It was anticipated that these reforms would provide cemetery operators, and stakeholders, with more clarity around the expectations and priorities for the management of interment services in NSW.

1.3 The current governance structure

A key part of the 2012 industry reforms was the announcement of a streamlined 'three trust' structure for Rookwood and in this context in 2012, a decision was made to amalgamate the existing non-Catholic trusts at Rookwood to form the Rookwood General Cemeteries Reserve Trust (RGCRT). As such, responsibility for Rookwood was to be divided between three trusts differentiated by both function and geography:

- Catholic Metropolitan Cemeteries Trust (CMCT)
- Rookwood General Cemeteries Reserve Trust (RGCRT)
- Rookwood Necropolis Trust (RNT).

⁷ Katrina Hodkinson, 2nd Reading Speech, <https://www.parliament.nsw.gov.au/bills/DBAssets/bills/SecondReadSpeechLA/3234/2R%20Cemeteries.pdf>

⁸ *Cemeteries and Crematoria Act 2013* (NSW), s90

⁹ *Cemeteries and Crematoria Act 2013* (NSW), s93

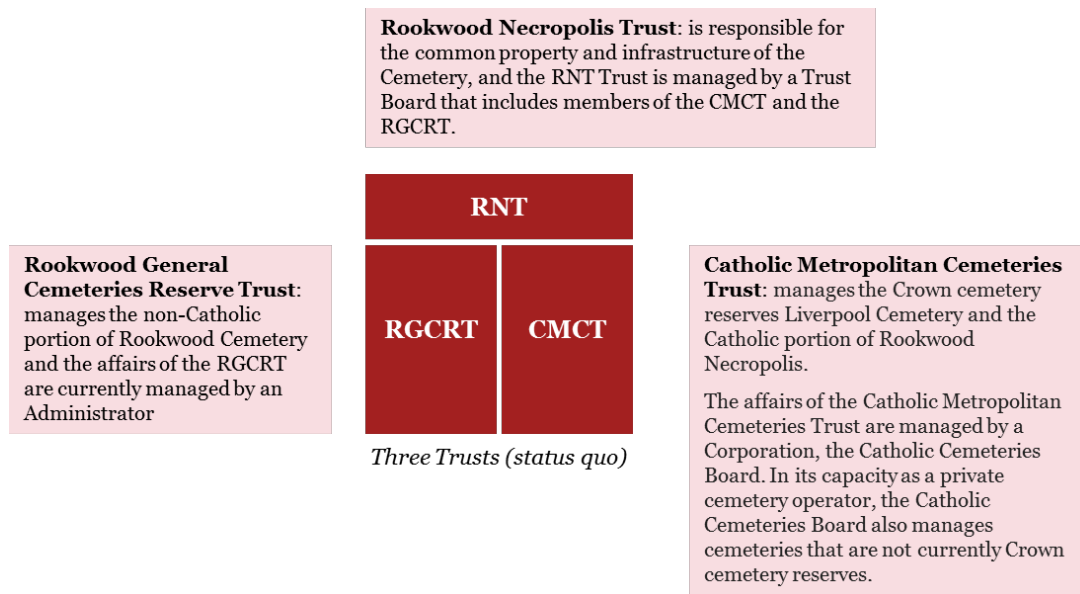
¹⁰ *Cemeteries and Crematoria Act 2013* (NSW), s99 – 102

¹¹ *Cemeteries and Crematoria Act 2013* (NSW), s103 (1) (i)-(iii)

¹² *Cemeteries and Crematoria Act 2013* (NSW), s106

¹³ *Cemeteries and Crematoria Act 2013* (NSW), s107

Figure 5: The current governance structure



The RGCRT is currently being managed by an Administrator that was appointed by the government on 1 July 2016 with a contract until 30 June 2018.

Today, Rookwood Cemetery houses nearly 1 million epitaphs¹⁴, for more than 80 different religious and cultural groups. The responsibilities of the Rookwood trust managers extend past burial and interment services for the deceased, to include:

- Cremation
- Monumental services
- Investment of monies
- Management of assets and maintenance
- Bereavement and grief services
- Ceremonial venues for funerals, religious and cultural observance and celebrations (including marriage)
- Interactions with funeral directors and other private sector operators within the industry
- A place for Commonwealth War Graves
- Heritage and conservation
- Ecological conservation of threatened species
- Catering
- Management of condolence facilities.

As well as being a functioning cemetery, Rookwood is a permanent record and monument to multiculturalism and traditions of multi-faith and cultural denominations within Greater Metropolitan Sydney and NSW. It is a place of great historical, cultural and religious significance for many people, and as an important symbol and memorial of this history it must be preserved and maintained into the future.

¹⁴ Office of Heritage and Environment, Rookwood Cemetery and Necropolis, <http://www.environment.nsw.gov.au/heritageapp/ViewHeritageItemDetails.aspx?ID=5045470>

2 *The case for change*

As the largest cemetery in the Southern Hemisphere, Rookwood Cemetery plays a vital role in providing metropolitan Sydney with equitable and affordable access to interment services. It is also a place of significant religious and cultural importance to a number of faith-based communities.

The current governance model at Rookwood involves responsibilities being split between three trusts, two of which are operating trusts and the Rookwood Necropolis Trust that is responsible for the management of common areas and environmental and heritage requirements. However, there are at least five key faith-based groups that have extensive involvement in the cemetery's operations and a large number of stakeholder and community groups that have used, and will continue to use, the cemetery.

The needs and desires of all of these community and stakeholder groups need to be considered in the context of upholding the requirements of the Act. This review has explored the views and concerns of many of these groups. Some of the key drivers of change identified through discussions with these stakeholder groups include:

The adoption of the three trust structure was intended to be a stepping stone to a 'One Rookwood' governance model

A key part of the 2012 industry reforms was the announcement of a streamlined 'three trust' structure for Rookwood as a stepping-stone to a longer-term goal of achieving a consolidated model in the future: 'One Rookwood'¹⁵. The rationalisation of the trust structure for Rookwood Cemetery was part of wider NSW reforms in the northern and southern Sydney metropolitan regions, which resulted in single regional trust models in these areas.

For Rookwood, the size and complex mix of faith-based trusts that were operating independently of one another meant that the immediate implementation of a one trust model was not considered appropriate. In this context in 2012, and in a step towards full consolidation at a later stage, a decision was made to amalgamate the existing non-Catholic trusts at Rookwood to form the RGCRT.

The Administrator has established a stable organisation

In 2012, when the decision was made to amalgamate the non-Catholic trusts of Rookwood to form the RGCRT the representatives of the existing trusts did so acknowledging a need to take a new approach to the diminishing burial space in the greater Sydney area.

The amalgamation was intended to provide cost savings that would facilitate the purchase of additional land and to tackle other reforms in the industry¹⁶. As such, responsibility for Rookwood was divided by both function and geography between the CMCT, the RGRCT and the RNT, which included a Ministerial Direction passed through the RNT that dealt with the control of trust assets, and the roles and responsibilities of the newly formed trust boards. In setting up the RGCRT, the Minister allowed for a portion of the original trust funds to be quarantined for the perpetual maintenance requirements of its cemetery areas¹⁷.

It is also acknowledged that the amalgamation of the original faith-based trust assets into the RGCRT trust was poorly executed, and unnecessarily complex from an accounting point of view¹⁸. There remains a level of confusion around the adoption of recommendations to ring-fence funds provided from the Jewish Cemeteries Trust for use in the Jewish burial area. The administrator has engaged external support to provide a forensic analysis of the amalgamation to resolve this matter.

¹⁵ Operational briefing by Minister Hodgkinson B14/5925, 12 December 2014

¹⁶ Letter from the 5 Trusts to Mr Tim Scott, Chief of Staff to the Minister for Primary Industries, 16 December 2011

¹⁷ Ministerial Direction pursuant to Section 11A of the *Crown Lands Act* 1989, Doc 12/044713

¹⁸ KPMG Rookwood General Cemeteries Reserve Trust – Trust Amalgamation Review, 9 June 2017

In response to concerns from stakeholders regarding the previous RGCRT board, the government commissioned an independent investigation into governance and operational concerns at RGCRT (the Elton Report)¹⁹. One outcome of this review was the appointment of an Administrator to manage the RGCRT from 1 July 2016 to 30 June 2018²⁰. It was outlined in the statement of appointment that the Administrator was appointed to manage the RGCRT to implement the recommendations of the independent report and to ensure that RGCRT operations and service delivery continued uninterrupted²¹.

Our review does not include an in-depth analysis of the performance of the RGCRT Administrator. However, it is understood that since his appointment the Administrator has been working to address the concerns of stakeholders and implement the recommendations outlined in the Elton Report. Our understanding is that at the time of our review, 19 of the 20 Elton Report recommendations had been implemented by the administrator and the RGCRT.

Stakeholders are contemplating whether the current three trust model can resolve further challenges in the long term

Through our consultations, stakeholders have presented several issues that the future governance model will need to address to be deemed effective. These include:

- Transparency and equity of pricing decisions
- Upholding religious and cultural requirements
- A level of autonomy in decisions regarding specific faiths.

In addition to this, there are some urgent issues influencing the major faith-based communities that affect potential governance structures. Of particular importance is the diminishing land availability at Rookwood, which has reached a critical stage for the Jewish and Muslim communities.

Given the structure of the CMCT as a trust responsible for managing only the Catholic section of Rookwood, many of these issues are not a major concern for their stakeholders. However, the CMCT agreed that the above outcomes are a critical governance requirement of managing a multi-faith cemetery.

Land availability is diminishing rapidly and requires a coordinated approach

The availability of burial land at Rookwood has become a critical issue for a number of stakeholders. There are differing timelines for when burial space is expected to run out but for some stakeholders it is considered to be within the next 3 – 4 years. This combined with the time required to set-up new lands as a functioning cemetery means there is the potential of a critical shortage in the near future.

Part 3c of the Act outlines the objective ‘to ensure that sufficient land is acquired and allocated so that current and future generations have equitable access to interment services’. Who has responsibility for upholding this objective is less clear but needs to be considered as a requirement for any future governance model to deal with.

The urgency of land availability is such that it is confusing the functional requirements of any future governance models at Rookwood. If the land availability issue was to be solved, it may allow for a more objective view of the governance requirements by stakeholders. At the moment, both service-based trusts at Rookwood have separate plans for acquiring additional land that can be converted into Crown Cemetery Lands.

¹⁹ Government response to the Rookwood Cemetery Investigation – http://www.crownland.nsw.gov.au/__data/assets/pdf_file/0010/715942/government-response-to-the-rookwood-cemetery-investigation.pdf

²⁰ <http://www.rookwoodcemetery.com.au/about-us/corporate-governance>

²¹ Government response to the Rookwood Cemetery Investigation – http://www.crownland.nsw.gov.au/__data/assets/pdf_file/0010/715942/government-response-to-the-rookwood-cemetery-investigation.pdf

The CCNSW Activity Report of May 2016 notes that *‘[c]emeteries and crematoria are critical community infrastructure and provide essential services to the people of NSW. Among the serious challenges facing the interment industry is the growing awareness that cemetery space in the Greater Sydney area is fast running out’*²².

As a key component of the NSW cemetery industry, Rookwood is responsible for a disproportionate number of burial services, relative to the population of the areas in which it sits.

The Cemetery lies within the NSW West Central planning area where 29.7% of the metropolitan population live. However, along with Pinegrove and Castlebrook, Rookwood provides 40.3% of primary services (burials and cremations) and 54.6% of Greater Sydney burials²³. The CCNSW Activity Report of May 2016 quantified that the number of burial services conducted in the West Central planning region is nearly twice the number of deaths within that region²⁴, suggesting a net inflow of burial services.

Considered in the context of projected population growth in Sydney, demand for burial services at Rookwood is unlikely to dissipate. The NSW Department of Planning and Environment 2016 population and household projections estimate that NSW will grow to 9.9 million people by 2036²⁵. Within that growth, Sydney Metropolitan is expected to grow, through immigration and high fertility rates, from 4.5 million in 2016 to 6.5 million by 2036²⁶. In the Cumberland local government area (the merger of Parramatta City, Auburn City and Holroyd City councils) in the Central-West, the population is expected to grow from 220,000 to approximately 300,000 in the same period.

These trends are placing an increasing burden on Rookwood to provide burial services in the future, which is complicated further by uncertainty about how much burial space remains at Rookwood.

The unique nature of a cemetery means that appropriate land that can be purchased with a view to developing it into a Crown cemetery is scarce. There are also long lag times between the purchase of appropriate land and the approvals required to convert it into a Crown cemetery. As such, it is important that Rookwood is able to take a long-term strategic approach to future land acquisitions. A future governance model must have the ability to manage the different stakeholder views on land acquisition and deliver a result that is in the best interest of the community as a whole.

Ensuring both adequate funding of perpetual maintenance needs and delivering affordable and equitable interment services

A key requirement of the trust operators at Crown cemeteries is ensuring that sufficient funds are maintained to fulfil the perpetual maintenance requirements. This requirement is specified in section 46 1 (d) and (e) of the Act²⁷. Operating trusts set aside a portion of the funds received from interment services for perpetual maintenance and, as such, this is factored in to the pricing of interment services. This was considered in the amalgamation of the faith-based trusts to form the RGCRT and allowance was made for trusts to quarantine funds for the perpetual maintenance requirements of their faiths²⁸.

However, it is imperative that the need to maintain appropriate funds should not affect the affordability and equity of pricing for interment services, especially as land for burials diminishes. The Act clearly states that an objective is to promote affordable and accessible interment practices, particularly for those of limited means²⁹.

²² Dr Stepan Kerkyasharian AO, Cemeteries and Crematoria NSW 2014-2015 Activity Report, page 1

²³ Cemeteries and Crematoria NSW 2014-2015 Activity Report, page 5

²⁴ Cemeteries and Crematoria NSW 2014-2015 Activity Report, page 37

²⁵ NSW Department of Planning & Environment, 2016 NSW population projections, <http://www.planning.nsw.gov.au/projections>

²⁶ NSW Department of Planning & Environment, 2016 NSW population projections, <http://www.planning.nsw.gov.au/projections>

²⁷ *Cemeteries and Crematoria Act 2013* (NSW), s46.1 (d) and (e)

²⁸ Ministerial Direction pursuant to Section 11A of the Crown Lands Act 1989, Doc 12/044713

²⁹ *Cemeteries and Crematoria Act 2013* (NSW), s3(i)

Part of this is ensuring that stakeholder groups are not unfairly impacted by changes in pricing structures and that a holistic approach is taken to the setting of prices at Rookwood.

Practices such as cross-subsidisation of perpetual maintenance requirements from new cemeteries need to be considered and enacted in a way that does not disadvantage certain faith-based groups over others.

As the land available for burial at Rookwood diminishes, this tension increases and the requirement for a governance model to enable sound decision making in this area becomes crucial.

There is a need to protect the environmental sustainability and heritage of Rookwood.

Rookwood as a site contains many protected species of flora and fauna and a number of historic and heritage listed buildings.

As the land available for burials continues to diminish, there will be increasing demands to make areas currently designated as common land available for interment. This will need to be done in such a way that the environmental sustainability and heritage aspects of Rookwood are considered and protected. The RNT are currently responsible for ensuring that this occurs and details the approach in the Plan of Management. How this protection will be safeguarded and who will be responsible for environmental and heritage issues will need to be considered in any changes to the governance model.

Innovations can deliver increases in the lifespan of Rookwood if they are considered and implemented in a coordinated manner

There are a number of innovations available in the cemetery and crematoria industry including (among others):

- Increasing trends of cremation over burial
- The use of crypts and above ground memorials
- Renewable tenure.

If implemented correctly, these innovations could not only increase the number of interment services that Rookwood can provide but could also increase the streams of revenue available to the trust operators. However, any innovations need to consider the religious and cultural requirements of the different faith-based groups and the objects of the Act.

Any future governance model will need to be able to consider proposed innovations in this context and make decisions that balance the need for changes in practices with respect to the religious requirements.

Governance arrangements at RGCRT once the current term of the Administrator expires

The affairs of the RCGRT are currently being managed by an Administrator, while the trust responds to the recommendations included in the independent report into governance at RGCRT. Our review has not looked into the performance of the Administrator or the progress made in addressing the issues; however, it is understood that the majority of recommendations have now been implemented. Notwithstanding the progress made, the contract of the Administrator is due to expire on 30 June 2018. As such, this review needs to consider appropriate and long-term governance model/s for RGCRT into the future.

3 Stakeholder engagement and feedback

An important component of our approach has been understanding the views of Rookwood’s diverse religious and cultural stakeholders. The size, nature and history of Rookwood lends itself to a profound cultural significance for these community users.

At the outset of this review, CCNSW communicated with all identified stakeholder and user groups of Rookwood informing them of the review and providing contact details of the review team. The steering committee provided direction on appropriate engagement with stakeholders via face-to-face meetings, group working sessions and written communication. CCNSW confirmed a list of stakeholders that PricewaterhouseCoopers (PwC) should engage with face-to-face, with input from the RGCRT.

PwC met with each of these stakeholder groups at least once to understand their connection to Rookwood and what is important to them in the design of sustainable future governance arrangements.

3.1 The approach to stakeholder engagement

The PwC review team worked with the Steering Committee to ensure that our approach had appropriate oversight and guidance. PwC met with the Steering Committee in this capacity during our engagement on 13 occasions, between 1 July 2016 and 19 December 2016.

At the meeting on 6 October 2016, the Steering Committee approved the final version of the PwC team’s strategy for stakeholder engagement and consultation. With the assistance of the Steering Committee, PwC engaged with Rookwood’s key stakeholders to understand their views on desirable characteristics of future governance arrangements at Rookwood.

PwC consulted with representatives from nine key stakeholder groups for Rookwood Cemetery, in addition to initial contact that was made with the representatives from the three existing trust operators.

<i>Stakeholder Group</i>	<i>Correspondence date</i>
The Chinese Australian Services Society Limited	23 August 2016 (in writing)
The Catholic Metropolitan Cemeteries Trust and Catholic Cemeteries Board	18 October 2016
The Lebanese Muslim Association	21 October 2016
The Rookwood Necropolis Trust	27 October 2016
The Jewish Board of Deputies	27 October 2016
The Rookwood General Cemeteries Trust (Administrator)	28 October 2016
The Armenian Diocese	11 November 2016
Diocese of the Russian Orthodox Church in Australia & NZ	11 November 2016
The Chinese Australian Historical Society	11 November 2016
The Rookwood General Cemeteries Trust (acting Chief Executive)	13 December 2016

PwC then had direct consultation with nine key stakeholder groups for Rookwood cemetery.

- The Chinese Australian Services Society Limited
- The Catholic Metropolitan Cemeteries Trust and Catholic Cemeteries Board
- The Lebanese Muslim Association
- The Rookwood Necropolis Trust
- The Jewish Board of Deputies
- The Rookwood General Cemeteries Reserve Trust (*the Administrator and Acting-CEO*)
- The Armenian Diocese
- Diocese of the Russian Orthodox Church in Australia & NZ
- The Chinese Australian Historical Society

These stakeholders were briefed about:

- The nature of the review
- A summary of the high level approach the review team had taken
- A summary of the high level next steps that the review team would undertake
- A consultation paper (Appendix C), which outlined the draft assessment framework, a summary of the background information and the draft functional requirements.

PwC also contacted several other stakeholder groups, but did not receive feedback on the information provided.

Our discussions with these stakeholders focused on understanding:

- The current governance arrangements
- The key issues and challenges at Rookwood
- The interment needs particular to their faith or cultural traditions
- The desirable features of a governance structure
- The functional requirements that would make Rookwood successful and sustainable for them.

3.2 Key themes

Interviews and written submissions from these stakeholders provided broad agreement with the proposed functional requirements, outlined in **Section 3.4** of this Report. The consultation highlighted areas of focus and concern for the stakeholders, and the key themes that emerged were:

- **Transparency and equity of pricing decisions** – A number of stakeholders expressed concerns with the rising cost of burial and differentiation in price points at Rookwood. Most stakeholders indicated to the review team that future increases in the price of interment services will mean that less people can afford burial at Rookwood. Some stakeholders expressed the view that full cost pricing is inconsistent with the objectives of a Crown cemetery and that burial land should be recognised as a public good. The view of some stakeholders is that the government should subsidise the cost of burial or provide alternative land to allow cross-subsidisation. This issue relates directly to the objects of the Act especially the requirements to

promote affordable and accessible interment practices, particularly for those of limited means³⁰. This pricing challenge has led different groups to look at innovations in burial practices, affordable products and potential land acquisitions.

- ***Upholding religious and cultural requirements*** – All stakeholder groups agreed that a deep understanding of the religious and cultural requirements was critical to any successful governance arrangement. All faiths and denominations have different requirements and expectations for interment. The nature of the interment industry means that most interactions will occur when people are at their most vulnerable. Stakeholders highlighted the need to be aware and sensitive to the cultural nuances and specific interment service needs and expectations as very important. It should be noted that the stakeholder engagement occurred very soon after the appointment of the RGCRT Administrator. While we have not conducted a review into the performance of the Administrator, we understand that progress has been made to address these concerns.
- ***Availability of land for future burials*** – Many of the stakeholder groups emphasised the priority for new land in which to bury members of their faith. The priority was different for each faith group and, for some, depends on the ability to implement innovative burial practices (including renewable tenure) that may be able to extend the current land availability of Rookwood. There were differing views among the stakeholders on how much available land was remaining in their relevant areas raising concerns of an uneven 'bury out' timeline. However, most stakeholders saw this as an urgent issue that required immediate resolution.
- ***The level of autonomy in decisions regarding specific faiths*** – Stakeholders that were not part of the current management arrangements specified a desire to have greater autonomy or input into key decisions regarding the areas allocated to their faiths, including around interment practices, provision of services and innovation.
- ***Equity in the land*** – Stakeholders have a clear view that the land consecrated to their faith-based communities means they have equity in their areas. As such, they have stated they will reject unconditionally any proposed model that does not provide them with control over the consecrated areas. However, there is no common sense of what 'equity' means in that it could be financial, legal or a broader social equilibrium.

More specific detail on stakeholder feedback is included in the table below.

³⁰ *Cemeteries and Crematoria Act 2013* (NSW), s3(i)

Below we have summarised the key themes of the feedback ascertained through the consultation with each of the stakeholders:

	The Catholic Metropolitan Cemeteries Trust and Catholic Cemeteries Board	The Rookwood General Cemeteries Reserve Trust	The Rookwood Necropolis Trust	The Lebanese Muslim Association	The Jewish Board of Deputies	The Armenian Diocese	Diocese of the Russian Orthodox Church in Australia & NZ	The Chinese Australian Historical Society	The Chinese Australian Services Society Limited
Desired review outcome	The CCB to continue to provide the governance for, and the management and needs of the Catholic community, and expressed a value proposition to extend this to other communities at Rookwood.	A continuation of the General Trust to manage the general section of the Cemetery for the benefit of the non-Catholic communities at Rookwood.	As a heritage site custodianship must preserve the sustainable use of the land for burials and cremations, preservation of the heritage values of the site and respect for religious and cultural beliefs and practices of all communities. Failure of implementation at the Rookwood site is no excuse to destroy the NSW Government's reform agenda, which is working successfully at every other Crown cemetery.	Governance arrangements that provide the LMA with full autonomy to manage the interment needs for the Muslim community at Rookwood. This may be efficiently run through a shared services model for faith groups. Where a Board is appointed, it needs to have a community focus.	A model that provides the greater autonomy for management of land and interment needs for the Jewish community. A Board that is well qualified and representative of the main faith communities with consecrated sections at Rookwood, and lead by a Chairperson with cultural competence.	A governance model that maintains service outcomes for the Armenian community.	Governance arrangements that deliver service outcomes for the Russian community.	Governance arrangements that deliver services and recognise the historical connection of the Chinese community to Rookwood.	Governance arrangements that are transparent and engage with the multi-faith community (including Culturally and Linguistically Diverse Background)
Functional requirements	Broad agreement	Broad agreement	Broad agreement	Broad agreement	Broad agreement	Broad agreement	Broad agreement	Broad agreement	N/A

	The Catholic Metropolitan Cemeteries Trust and Catholic Cemeteries Board	The Rookwood General Cemeteries Reserve Trust	The Rookwood Necropolis Trust	The Lebanese Muslim Association	The Jewish Board of Deputies	The Armenian Diocese	Diocese of the Russian Orthodox Church in Australia & NZ	The Chinese Australian Historical Society	The Chinese Australian Services Society Limited
Strategic functional requirements	The development of a land acquisition strategy for the region should be a priority, as well as continued careful financial control.	Perpetual maintenance and burial land supply both need to be addressed.	Coordinated approach to burial land supply is needed for the region, as are different strategies to fund perpetual care.	The focus of the Board should include the long-term affordability, the needs of the community, cultural requirements, land allocation in the next 12 months and, most importantly, it must operate with a focus of benefiting the communities as opposed to a corporate focus.	Arrangements for future burial capacity and interment affordability need to be addressed urgently both within Rookwood and by way of acquisition.	Price increases and land availability once the Armenian section is buried out is a key concern.	Increases in prices and access to interment space for the community needs to be addressed	Concerns were raised about the affordability of Chinese interments at Rookwood.	Focused on the need for greater transparency in price setting.
Operational functional requirements	Expressed expectations for effective and efficient financial management, services and equitable access for all groups, including	Highlighted the importance of operating in a way that demonstrates respect and consistent treatment for the diverse user communities.	Establishing sustainable operations that preserve the heritage and environment at Rookwood is a future concern.	Operations that are respectful of Islamic cultural requirements in service delivery and interment practices are essential. As is prudent operational management.	Efficient financial management, access to interment services, conservation and restoration, and land management activities that	Care and upkeep of the new monument is important to the Armenian community.	Ongoing contact and consistent look and feel of Rookwood is important.	Care and protection of the built environment, including monuments, is important.	Services need to involve and be responsive to the community needs and expectations.

	The Catholic Metropolitan Cemeteries Trust and Catholic Cemeteries Board	The Rookwood General Cemeteries Reserve Trust	The Rookwood Necropolis Trust	The Lebanese Muslim Association	The Jewish Board of Deputies	The Armenian Diocese	Diocese of the Russian Orthodox Church in Australia & NZ	The Chinese Australian Historical Society	The Chinese Australian Services Society Limited
	the destitute.				understand Jewish needs.				
Stakeholder functional requirements	Open communication and understanding of cultures and their interment needs is important.	Building trust with the user communities and regular communications and forums are important. Particularly, related to key financial decisions and pricing.	Every citizen has an inalienable right to a dignified burial, and the religious customs and practices are sacrosanct and must be protected and nurtured at any cost.	Focused on the need to regularly engage with the LMA to understand the needs of the Muslim community, including the impact of significant financial decisions.	Regular, transparent communications should be the focus. Particularly with respect to use of trust monies.	Ongoing regular and high standard of communication is important.	Ongoing regular and high standard of communication is important.	Ongoing regular and high standard of communication is important.	There is a need for structured regular community engagement.
Religious and cultural requirements	Focused on the need to establish close relationships with faith groups to understand their religious and cultural requirements.	Understanding the nuances of a large base of stakeholders is essential.	Profound respect for the interment needs of faith and cultural groups' needs is everyone's right.	Demonstrating cultural intelligence and a deep respect and understanding of cultural requirements for interment is important.	Deep understanding of the nuances of faith-based interment needs is essential.	Plans to continue to stay closely linked around burial of Armenians in the section is a priority.	Observing the various faith needs of the Russian community is expected.	Observing the requirements of the multiple faiths of the Chinese community is expected.	Cultural sensitivity and an understanding of stakeholder perspectives is a priority.

3.3 Further considerations

3.3.1 Role of government

From our stakeholder consultations, it is clear that stakeholders are not all aligned on their expectations for the role of the NSW Government at Rookwood and for the interment industry more broadly. A number of stakeholders see the NSW Government as responsible for delivering on the objectives of the Act and through our consultations we heard:

- **Pricing** – where full cost pricing is not affordable, some stakeholders perceive that it is the role of the NSW Government to subsidise prices to enable affordable access to interment practices. The alternative is to provide additional land that can be used to cross-subsidise the cost of burial plots at Rookwood.
- **Perpetual maintenance** – there is an expectation that the NSW Government should take responsibility for perpetual maintenance costs to promote the use of trust funds for immediate care and management needs, land acquisition or to ensure no faith or cultural denomination is disadvantaged by differentiated pricing at Rookwood.
- **Land supply** – there is an expectation that where a faith or cultural tradition runs out of burial space in their section, it is the responsibility of the NSW Government to meet this need and ensure sufficient land is acquired and allocated so that current and future generations have equitable access to interment services. Stakeholders also noted that the urgency in timing to satisfy these needs must account for the period required to prepare the land for burial purposes.
- **Dignity in interment** – some stakeholders raised the need to provide a mechanism to ensure the practices and beliefs of all religious and cultural groups are observed, and their remains are treated with dignity and respect – regardless of their means.
- **Accountability, transparency and integrity** – stakeholders highlighted to the review team they see it as the responsibility of the NSW Government to provide oversight and accountability for the Crown cemetery trust operators to ensure that they act with integrity and in accordance with the Act.

While these views are the perceptions or experiences of some of the stakeholders and may not be practicable given the current legislation (eg subsidisation of pricing), it is important that they are considered in the context of this review and any future arrangement should be designed so it is better placed to respond to these challenges and perceptions.

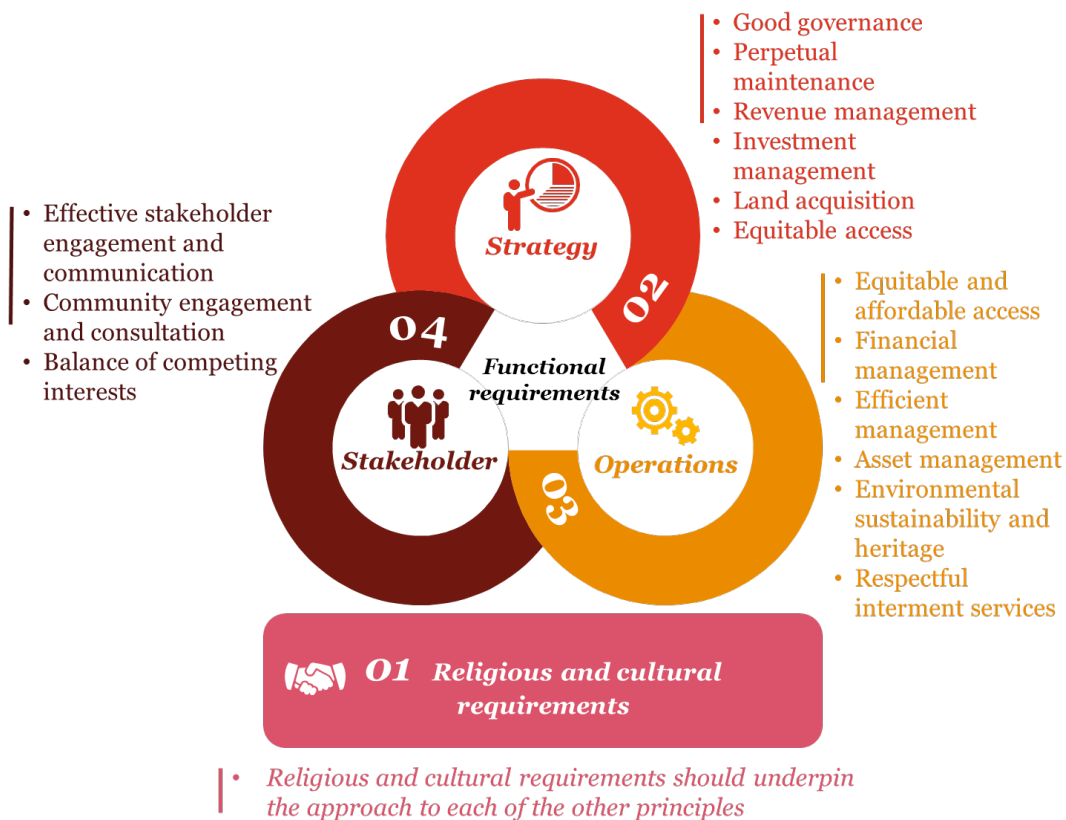
3.3.2 General Crematorium

PwC understands that the General Crematorium at Rookwood is subject to a 99-year lease, and that the current lessee is Invocare, a listed company providing funeral services. We understand that this lease has nine years to run and, while engagement with Invocare was not part of our consultation process, consultation with the company in its capacity as a lessee, and any implications for them under a new or enhanced governance structure, should be taken into account as part of the due diligence activity prior to any transition to a new structure.

3.4 Functional requirements of a successful governance model

The key requirements as expressed by the stakeholders and the long-term strategic and regulatory drivers described in **Section 2** were used to develop a set of functional requirements that could be used to judge the effectiveness of a future governance model. The functional requirements are broken into *strategic, operational, stakeholder, and religious and cultural components* as outlined in the diagram below.

Figure 6: Functional requirements



This is not an exhaustive list of the requirements, but they are the key requirements that, if appropriately managed, would underpin a sustainable governance structure that is more likely to meet the unique challenges of Rookwood Cemetery now and into the future. Each governance model listed in **Section 4** will be assessed for the perceived efficiency and effectiveness in each of these areas:

#	Principle	Description
Religious and cultural requirements		
1	Respect for the needs, practices and beliefs of religious and cultural groups	The extent to which the governance structure will enable an understanding of how to be respectful to the needs, practices and beliefs of religious and cultural groups. This cultural understanding and awareness should include the ability to open dialogue around issues such as renewable rights services. This requirement relates to Objects 3(a) and 3(b) of the Act ³¹ , namely ensuring that the interment practices and beliefs of all religious and cultural groups are respected. This is also covered in section 46 1 (b) of the Act ³² .

³¹ *Cemeteries and Crematoria Act 2013* (NSW), s3 (a) and (b)

³² *Cemeteries and Crematoria Act 2013* (NSW), s46.1 (b)

#	Principle	Description
Strategic		
2	Good governance	The extent to which the governance structure will enable the promotion of good governance practices, including integrity, accountability, transparency, compliance, as well as equitable and efficient decision making and performance in its relationships with stakeholders within and external to the Cemetery, for the good of the people of NSW. This requirement is aligned with section 3(d) and 3(e) of the Act ³³ .
3	Perpetual maintenance	The extent to which the governance structure enables appropriate strategic decisions to manage Rookwood Cemetery in a way that both the land and its resources are sustained for use in perpetuity ³⁴ . This includes the degree to which the structure is capable of funding an appropriate level of maintenance after the Cemetery burial space has been exhausted. The requirement for perpetual maintenance is specified in section 46.1 (d) and (e) of the Act ³⁵ .
4	Revenue management	The extent to which the governance structure is capable of effective revenue raising through suitable economic activities from Rookwood Cemetery or Cemetery Trust assets, while keeping uses: <ul style="list-style-type: none"> • In accordance with the reserve's purpose as a cemetery³⁶ • Within the objects of the Trust(s) • Within the Constitution of the organisation • Consistent with the type that an ordinary person might consider in keeping with the brand of Rookwood or a Crown cemetery trust operator.
5	Investment management	The extent to which the governance structure enables the investment of trust monies: <ul style="list-style-type: none"> • With the care, diligence and skill that a prudent person would demonstrate³⁷ • In a form not prohibited³⁸ by the Investment policy for trust boards managing Crown reserves and commons • Consistent with the use of public monies generally³⁹ and maintaining such records to provide an accurate account of that money.
6	Land acquisition	The extent to which the governance structure is capable of addressing the diminishing land availability and equitable interment access needs of faith and cultural denominations at Rookwood. This includes consideration of the ability to leverage the available assets to deal with this issue through the purchase of additional land. The requirement is aligned to object 3(c) of the Act, the requirement to ensure that sufficient land is acquired and

³³ *Cemeteries and Crematoria Act 2013*, s3 (d) and (e)

³⁴ *Crown Lands Act 1989*, s11(e)

³⁵ *Cemeteries and Crematoria Act 2013*, s46.1 (d) and (e)

³⁶ Trust Handbook, s19, p 193

³⁷ *Trustee Act 1925*, s14A

³⁸ *Trustee Act 1925*, s14(a)

³⁹ Trust Handbook, s20, p199

#	Principle	Description
		allocated so that current and future generations have equitable access to interment services.
Operational		
7	Equitable and affordable access	<p>The extent to which the governance structure can ensure that land, resource allocation and pricing decisions at Rookwood will enable equitable and affordable access to the interment services and lands managed by the trusts, in a way that respects the needs and beliefs of all religious and cultural groups so that none are disadvantaged. This is aligned with objects 3(a), 3(b) and 3(i) of the Act⁴⁰.</p> <p>This may include where there are opportunities to build infrastructure, develop or release land to meet interment needs that this would be done equitably and with transparent decision-making processes.</p>
8	Financial management	<p>The extent to which the structure can, in the delivery of services, operate transparently and with integrity, including having appropriate resources for:</p> <ul style="list-style-type: none"> • Record keeping • Maintenance of appropriate systems and processes for financial management and reporting • Oversight of cost, revenue and perpetual maintenance.
9	Operations management	<p>The extent to which the governance structure will enable an operator to transparently and efficiently manage the operations of the trust in a cost effective manner.</p> <p>The operations as they relate to core responsibilities of the cemetery, such as providing an appropriate point of contact for the stakeholders, and extends to efficient management of:</p> <ul style="list-style-type: none"> • Government levies • Staff wages and entitlements • Operating costs and maintenance.
10	Asset management	<p>The extent to which the governance structure is capable of maintaining the assets of the trust (eg buildings, land, equipment) in an appropriate and effective manner giving consideration to the significance of some assets to cultural and faith-based groups.</p> <p>This may include:</p> <ul style="list-style-type: none"> • Management and maintenance of trust assets • Upgrades to or purchase of trust assets.
11	Environmental Sustainability and Heritage	<p>The extent to which the governance structure will enable consistent application of standards in the sustainable management of Rookwood's flora and fauna, and heritage. The governance structure needs to be capable of making operational decisions that use the limited resources available to balance the requirements of operating the cemetery with the need to protect and sustain the environment and heritage of Rookwood. This</p>

⁴⁰ *Cemeteries and Crematoria Act 2013* (NSW), s3

#	Principle	Description
		requirement is aligned with object 3(g) of the Act, promoting environmental sustainability of the interment industry ⁴¹ .
12	<i>Respectful interment services</i>	The extent to which the governance structure will respect the interment needs of religious traditions – including speed of burial and accessible pricing for those who need it most. This also includes the need to consider the appropriateness of alternative burial practices for each faith. This requirement is aligned to object 3(a) and 3(b) of the Act ⁴² .
Stakeholder		
13	<i>Effective stakeholder engagement and communication</i>	The extent to which the governance structure can effectively manage ongoing stakeholder engagement and communications to promote integrity, accountability, transparency in decision making and the operational management of Rookwood cemetery.
14	<i>Community engagement and consultation</i>	The extent to which the governance structure will enable community engagement and consultation to build trust in the integrity of the management of Rookwood cemetery. This will include using community understanding to: <ul style="list-style-type: none"> • Interface with faith groups to ensure interment practices are observed. • Find opportunities for involvement in appropriate strategic and operational decisions with the faith and cultural denominations who have a long shared connection with the land and those laid to rest there.
15	<i>Balance of competing interests</i>	The extent to which the structure will enable equity at Rookwood and the balancing of competing interests. The governance structure at Rookwood must be capable of balancing the interests of a number of stakeholders and objectives to deliver an equitable approach to the management of Rookwood. Especially with respect to the key areas of: <ul style="list-style-type: none"> • Allocation of any additional lands at Rookwood • Protecting the current land allocations as specified in the Gazette.

⁴¹ *Cemeteries and Crematoria Act 2013* (NSW), s3(g)

⁴² *Cemeteries and Crematoria Act 2013* (NSW), s3(a) and (b)

4 Governance structure options

In approaching the question of the most appropriate governance structure to make equitable decisions for the future of Rookwood Cemetery, PwC considered seven governance models. These governance models were developed following the initial review of the history challenges of Rookwood, the development of the functional requirements and discussions with stakeholders regarding the key requirements of any future governance models. These options were assessed for their ability to deliver on the functional requirements critical to Rookwood.

4.1 Scope of consideration

Currently, Rookwood operates under a three trust structure, ie responsibility is divided between three trusts, differentiated by both function and geography:

- **Catholic Metropolitan Cemeteries Trust:** manages the Crown cemetery reserves Liverpool Cemetery and the Catholic portion of Rookwood Necropolis. The affairs of the CMCT are managed by a Corporation, the CCB. In capacity as a private operator, the CCB also manages cemeteries at Greendale, North Rocks, and Kemps Creek.
- **Rookwood General Cemeteries Reserve Trust:** manages the non-Catholic portion of Rookwood. The affairs of the RGCR are currently managed by an Administrator.
- **The Rookwood Necropolis Trust:** the Board of which is constituted by an independent chair, the CEO from both the CMCT and RGCR.

The scope of our review was limited to the governance structure of the trust or trusts that should be used for Rookwood Cemetery. In forming the basis for our recommendation, a range of options for this structure were considered. These options included a continuation of the status quo trust structure, as well as consideration of the strengths and weaknesses of reducing or establishing additional trusts to govern Rookwood. Our review did not include any consideration of changes to the legal status (including charitable status) of the current trusts or any additional trusts formed as a result of this review. These however should be considered before any final decision on future governance can be made.

This consideration explicitly excluded any recommendations about the Crown cemetery operator(s) of the trust(s) responsible for Rookwood. Under the Act, the affairs of a Crown cemetery trust can only be managed by:

- The Minister
- A trust board
- A corporation
- An administrator⁴³.

Our review does not make recommendations as to who should operate the proposed Trust(s) nor does it make any recommendations regarding the make-up of any Board or Corporation. There is a requirement under the Act for a Trust to have a Community Advisory Committee⁴⁴, as such we have included consideration of the role of this committee in each of the models.

Should new governance arrangements be implemented, the appointed Crown cemetery operator will have responsibility for determination and oversight of the management structure, team or service provider to manage the operations of Rookwood. The NSW Government will exercise its discretion in determining which of

⁴³ *Cemeteries and Crematoria Act 2013* (NSW), s73

⁴⁴ *Cemeteries and Crematoria Act 2013* (NSW), s103.1 (a) iii

the four options would be the most appropriate to perform this role, and manage the proposed governance structure to meet the desired objectives of Rookwood Cemetery.

4.2 Our approach to developing the governance models

Using the analysis of the feedback from the stakeholders and data gathered throughout the engagement, seven governance models were developed for assessment. In developing these models, PwC considered a range of options that included the continuation of the status quo trust structure, and the strengths and weaknesses of reducing or establishing additional trusts to govern Rookwood.

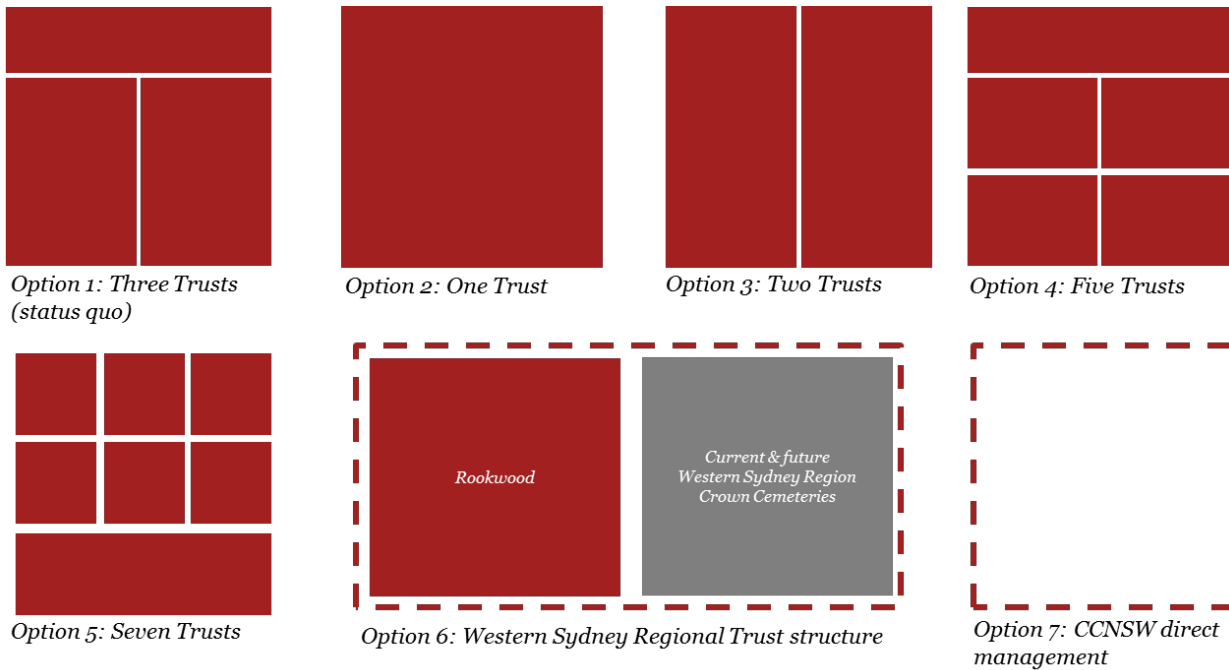
To arrive at the seven governance model options, we drew on our understanding of the following:

- The religious and cultural requirements highlighted through the stakeholder consultation process
- The strategic, operational and stakeholder responsibilities of the current governance structure
- The ability, provided by the Act, to appoint more than one Crown cemetery operator⁴⁵ of a Crown cemetery trust⁴⁶, with separate functions for each trust
- The existing implementation and operationalisation of the single regional trust model for the Northern and Southern Sydney metropolitan cemetery trusts
- The desired autonomy over administration of interments at Rookwood by several faith-based communities and trusts
- The legacy of the dedicated faith-based reserves and the religious and cultural connections with the consecrated cemetery reserves, prior to the first amalgamation
- Wider industry insights, including the use of a corporation to manage the responsibilities of more than one cemetery, such as the CCB.

⁴⁵ *Cemeteries and Crematoria Act 2013* (NSW), s71 – the Crown cemetery operator means the person or body having management of the affairs of a Crown cemetery trust

⁴⁶ *Cemeteries and Crematoria Act 2013* (NSW), s73



Figure 7: Proposed governance options for the future of Rookwood







These seven options were presented to the Steering Committee and agreed as appropriate for consideration as a possible future state governance model. Further detail on the design of the options and the outcomes they aim to achieve is included in the table below.


4.3 Option descriptions

Below are the descriptions of the seven governance structure options that we have considered:

Options	Whole-of-Rookwood	Strategy	Operations	Stakeholder	Religious and Cultural
<p>Option 1: A three trust structure comprising two operating trusts managing the faith-based areas and one Necropolis Trust (status quo)</p> 	<p>All three trusts must agree/collaborate on whole-of-Rookwood decisions, which are owned and managed by the Necropolis Trust.</p> <p>The Necropolis Trust would have responsibility for maintaining heritage and environmental sustainability.</p>	<p>The two operating trusts are separately responsible for the strategic decisions relating to their respective faith-based areas including perpetual maintenance, pricing decisions, future land acquisition and development of a strategic plan.</p> <p>Input from faith-based communities would be achieved through the use of a CAC or faith-based representation on the board.</p>	<p>The two operating trusts are responsible for operational functions within their respective faith-based areas.</p> <p>The Necropolis Trust is responsible for the operational functions of the common areas as well as coordinating the development of a whole-of-Rookwood Plan of Management in conjunction with the two operating trusts.</p>	<p>The two operating trusts are responsible for the stakeholder engagement with faith and cultural denominations that are connected to the faith-based areas.</p>	<p>Religious and cultural decisions are managed by the Catholic Trust for the Catholic section and by the General Trust for all other religious and cultural groups. This could be achieved through liaison with the CAC or faith-based representation on the trust board.</p> <p>At a management level, the General Trust management would be responsible for protecting religious and cultural requirements. This could be achieved via the use of area managers and relationship managers.</p>
Reasoning	<p><i>The current state governance structure arrangements at Rookwood cemetery.</i></p>				
<p>Option 2: One trust with responsibility for the whole-of-Rookwood (the One Trust model)</p> 	<p>One trust would have responsibility for managing the whole-of-Rookwood including maintaining heritage and environmental sustainability.</p>	<p>One trust would be responsible for all strategic decisions for the whole-of-Rookwood including perpetual maintenance, pricing decisions, future land acquisition and development of a strategic plan.</p> <p>Input from faith-based communities would be achieved through the use of a CAC or faith-based representation on the board.</p>	<p>One trust would be responsible for all operational functions including development of a Rookwood Plan of Management.</p> <p>This would not preclude the trust from hiring separate area/section managers for each of the faith-based areas.</p>	<p>One trust would be responsible for the stakeholder engagement with all of the faith and cultural denominations that are connected to the faith-based areas.</p>	<p>Religious and cultural requirements could be managed through the use of a CAC or faith-based representation on the Trust Board for the key religious and cultural groups.</p> <p>The management would be responsible for protecting religious and cultural requirements. This could be achieved via the use of area managers and relationship managers.</p>

Options	Whole-of-Rookwood	Strategy	Operations	Stakeholder	Religious and Cultural
Reasoning	<i>A simple structure that is responsible for all facets of the Rookwood Crown trust lands. This structure would be most efficient in being able to coordinate a whole-of-Rookwood approach.</i>				
<p>Option 3: <i>Two operating trusts comprising one managing the Catholic Area and the other managing the remaining faith-based areas</i></p> 	<p>The two operating trusts would have shared responsibility for the whole-of-Rookwood decisions based on a Memorandum of Understanding. This would include maintaining heritage and environmental sustainability.</p>	<p>Two operating trusts are separately responsible for the strategic decisions relating to their respective faith-based areas including perpetual maintenance, pricing decisions, future land acquisition and development of a strategic plan.</p> <p>Input from faith-based communities would be achieved through the use of a CAC or faith-based representation on the board.</p>	<p>Two trusts are separately responsible for all operational functions within their respective areas. They are jointly responsible for the development of a Rookwood Plan of Management.</p>	<p>Two trusts are responsible for the stakeholder engagement with faith and cultural denominations that are connected to the faith-based areas they manage.</p>	<p>Religious and cultural decisions are managed by the Catholic Trust for the Catholic Area and by the General Trust for all other religious and cultural groups. This could be achieved through liaison with the CAC or faith-based representation on the trust board.</p> <p>At a management level, the General Trust management would be responsible for protecting religious and cultural requirements. This could be achieved via the use of area managers and relationship managers.</p>
Reasoning	<i>A structure which maintains the current operating trust responsibilities but removes the Necropolis trust with whole-of-Rookwood functional responsibilities.</i>				
<p>Option 4: <i>Five trusts comprising four operating trusts covering the faith-based areas split by Catholic, Muslim, Jewish and remaining areas (General), and one Necropolis Trust</i></p> 	<p>All five trusts must agree/collaborate on whole-of-Rookwood decisions, which are owned and managed by the Necropolis Trust.</p> <p>The Necropolis Trust would have responsibility for maintaining heritage and environmental sustainability.</p>	<p>The four operating trusts are separately responsible for the strategic decisions relating to their respective faith-based areas including perpetual maintenance, pricing decisions, future land acquisition and development of a strategic plan.</p> <p>The General Trust would ensure input from faith-based communities through the use of a CAC or faith-based representation on the board.</p>	<p>The four operating trusts are responsible for operational functions within their respective faith-based areas.</p> <p>The Necropolis Trust is responsible for the operational functions of the common areas as well as coordinating the development of a whole-of-Rookwood Plan of Management in conjunction with the four operating trusts.</p>	<p>The four operating trusts are responsible for the stakeholder engagement with faith and cultural denominations that are connected to the faith-based areas they manage.</p>	<p>There are three single faith trusts that each look after their own faith's needs. The General Trust would look after the remaining religious and cultural requirements through liaison with the CAC or faith-based representation on the trust board</p> <p>At a management level, the General Trust management would be responsible for protecting religious and cultural requirements. This could be achieved via the use of area managers and relationship managers.</p>

Options	Whole-of-Rookwood	Strategy	Operations	Stakeholder	Religious and Cultural
<p>Reasoning</p> <p>Option 5: Seven trusts comprising six operating trusts (Catholic, Jewish, Muslim, Anglican, Independent Christian and General) and one Necropolis Trust</p> 	<p>All seven trusts must agree/collaborate on whole-of-Rookwood decisions, which are owned and managed by the Necropolis Trust.</p> <p>The Necropolis Trust would have responsibility for maintaining heritage and environmental sustainability.</p>	<p>The seven operating trusts are separately responsible for the strategic decisions relating to their respective faith-based areas, including perpetual maintenance, pricing decisions, future land acquisition and development of a strategic plan.</p> <p>The General Trust would ensure input from faith-based communities through the use of a CAC or faith-based representation on the board.</p>	<p>The six operating trusts are responsible for operational functions within their respective faith-based areas.</p> <p>The Necropolis Trust is responsible for the operational functions of the common areas as well as coordinating the development of a whole-of-Rookwood Plan of Management in conjunction with the six operating trusts.</p>	<p>The six operating trusts are responsible for the stakeholder engagement with faith and cultural denominations that are connected to the faith-based areas they manage.</p>	<p>There are five single faith trusts that look after their own faith's needs. The General Trust would look after the remaining religious and cultural requirements through liaison with the CAC or faith-based representation on the trust board</p> <p>At a management level, the General Trust Management would be responsible for protecting religious and cultural requirements. This could be achieved via the use of area managers and relationship managers.</p>
<p>Reasoning</p> <p>Option 6: Western Sydney Regional Trust structure (the Regional Trust model)</p> 	<p>One trust would have responsibility for managing the whole-of-Rookwood including maintaining heritage and environmental sustainability.</p>	<p>One trust would be responsible for the strategic decisions relating to a number of cemeteries in the Western Sydney region. This would include decisions around perpetual maintenance, future land acquisitions and development of a strategic plan covering all cemeteries in the region.</p> <p>Input from faith-based communities would be achieved through the use of a CAC or faith-based representation on the board.</p>	<p>One trust would be responsible for all operational functions including development of a Plan of Management for the regional cemeteries.</p> <p>This would not preclude the trust from hiring separate area/section managers for each of the faith-based areas.</p>	<p>One trust is responsible for the stakeholder engagement with all the faith and cultural denominations that are connected to the faith-based areas across all of the Western Metropolitan Sydney region.</p>	<p>Religious and cultural requirements could be managed through the use of a CAC or faith-based representation on the Trust Board for the key religious and cultural groups</p> <p>The management would be responsible for protecting religious and cultural requirements. This could be achieved via the use of area managers and relationship managers.</p>

Options	Whole-of-Rookwood	Strategy	Operations	Stakeholder	Religious and Cultural	
Reasoning	<i>Current and future Crown cemetery lands (including Rookwood) are put into a regional trust – Western Sydney – in a manner that mirrors the models for Northern and Southern Metropolitan.</i>					
<p>Option 7: No trusts (direct CCNSW management)</p>		<p>A management team would be appointed by CCNSW that would have responsibility for managing the whole-of-Rookwood including maintaining heritage and environmental sustainability.</p>	<p>CCNSW would be responsible for strategic decisions relating to Rookwood including perpetual maintenance, future land acquisitions and development of a strategic plan.</p> <p>Input from faith-based communities would be achieved through the use of a CAC or faith-based representation on the board.</p>	<p>The appointed management team would have responsibility for the majority of operational decisions at Rookwood including the development of a Plan of Management.</p> <p>Decisions around pricing would be recommended by the management team for approval by CCNSW.</p>	<p>CCNSW is responsible for the overall stakeholder engagement with faith and cultural denominations that are connected to the faith-based areas; however, they may choose to delegate some parts of this engagement to the management team.</p>	<p>CCNSW would be directly responsible for the management of Religious and Cultural requirements and this would be managed through liaison with the CAC.</p> <p>The management would be responsible for protecting religious and cultural requirements. This could be achieved via the use of area managers and relationship managers.</p>
Reasoning	<i>All trusts are removed and the direct management of Rookwood is the responsibility of CCNSW. It would be expected that this structure would eventually be replicated across NSW to enable more strategic coordination of Crown land cemeteries.</i>					

5 *Assessment of governance structure options*

Seven different governance model options for Rookwood have been considered in our assessment and should be considered by the government. The method of assessment uses the functional requirements outlined in **Section 3**. For each of these requirements, there was an assessment of how effective and efficient each governance model would be in meeting the requirement, especially as it relates to the objects of the Act. The inherent⁴⁷ effectiveness with which the governance structure options will be able to meet the functional requirements has been measured as:

- **-1** – the model is ineffective or inefficient in delivering on that functional requirement
- **0** – the model neither adds nor detracts from the ability to deliver on that functional requirement
- **+1** – the model is positive in the efficiency and/or effectiveness with which it delivers on the functional requirement.

Based on this assessment, we have aggregated the scores against each of the functional requirement principles (ie if the four principles in a category scored ‘-1’, ‘-1’, ‘+1’ and ‘-1’, the aggregate sum of these scores would be ‘-2’, which would be represented in the summary table directly below), which provided a view and rating of the overall effectiveness of each of governance model. The results of the assessment of the remaining trust models can be seen in the table below.

This is not a forensic analysis of the potential performance of each model and by its nature is a subjective view of the merits of each model. The bottom-up approach to scoring the different models was tested with the Steering Committee and agreed as an appropriate measure to use. The assessment process identified two options that were better in terms of effectiveness and efficiency (the one trust models). It also identified that the status quo was considered more effective than the remaining models.

⁴⁷ Being the measure before operational safeguards are implemented.

5.1 Detailed assessment

The table below outlines the more detailed assessment and reasoning that was performed for each of the trust models.

	Option 1: Status Quo (Three Trusts)	Option 2: One Trust (Rookwood)	Option 3: Two Trusts (No RNT)	Option 4: Five Trust Model	Option 5: Seven Trust Model	Option 6: Single Regional Trust
Evaluation Score	+3	+11	-2	-2	-2	+11
Religious and Cultural Requirements						
Respect for the needs, practices and beliefs of religious and cultural groups	+1 While this model provides some faith-based representation, it does not guarantee that the needs of all the religious and cultural groups will be met. A CAC or faith-based representation of the trust board could ensure that the needs of all groups are considered.	+1 One trust model supported by an effective CAC or faith-based representation on the board could ensure that the needs of religious and cultural groups are met.	+1 While this model provides some faith-based representation it does not guarantee the needs of all the religious and cultural groups will be met. A CAC or faith-based representation on the board could ensure that the needs of all groups are considered.	+1 The four operating faith-based trusts would be more effective at ensuring respect for their faiths' needs, practices and beliefs. This does not guarantee respect for all minority faith groups however.	+1 The six operating faith-based trusts would be more effective at ensuring respect for their faiths' needs, practices and beliefs. This does not guarantee respect for all minority faith groups however.	+1 One trust model supported by an effective CAC or faith-based representation on the board could ensure that the needs of religious and cultural groups are met.
Strategic Requirements						
Good governance	0 Multiple trusts each appointed in a different manner could result in differing governance arrangements that reduces the overall governance strength	+1 One trust would provide the best opportunity for effective and professional governance.	0 Multiple trusts each appointed in a different manner could result in differing governance arrangements that reduce the overall governance strength	-1 Object 3(d) of the Act provides for the operation of a consistent and coherent regime for the governance and regulation of	-1 Object 3(d) of The Act provides for the operation of a consistent and coherent regime for the governance and regulation of	+1 One trust would provide the best opportunity for effective and professional governance.

	Option 1: Status Quo (Three Trusts)	Option 2: One Trust (Rookwood)	Option 3: Two Trusts (No RNT)	Option 4: Five Trust Model	Option 5: Seven Trust Model	Option 6: Single Regional Trust
	and the oversight of CCNSW.		and the oversight of CCNSW.	cemeteries and crematoria ⁴⁸ . As there become more trusts that are each appointed in a different manner, differing governance arrangements could result that reduce the overall governance strength and the oversight of CCNSW.	cemeteries and crematoria ⁴⁹ . As there become more trusts that are each appointed in a different manner, differing governance arrangements could result that reduce the overall governance strength and the oversight of CCNSW.	
Perpetual maintenance	0 There are differences in the approach, strategy and current funding of perpetual maintenance across the two faith trusts. This makes it more difficult for CCNSW to have oversight of any potential shortfalls in funding of the perpetual maintenance requirement.	+1 Pooling of the perpetual maintenance funds and a single approach to managing the shortfall would be a more efficient way to achieve perpetual maintenance.	0 There are differences in the approach, strategy and current funding of perpetual maintenance across the two faith trusts. This makes it more difficult for CCNSW to have oversight of any potential shortfalls in funding of the perpetual maintenance requirement.	-1 A dispersed model would result in the four operating faith-based trusts approaching perpetual maintenance in a different manner. This would also require the splitting of the current general maintenance fund.	-1 A dispersed model would result in the six operating faith-based trusts approaching perpetual maintenance in a different manner. This would also require the splitting of the current general maintenance fund.	+1 Similar benefits to the One Trust model but would have the added benefit of additional cemeteries to build the maintenance fund.

⁴⁸ *Cemeteries and Crematoria Act 2013*, s 3(d)

⁴⁹ *Cemeteries and Crematoria Act 2013*, s 3(d)

	Option 1: Status Quo (Three Trusts)	Option 2: One Trust (Rookwood)	Option 3: Two Trusts (No RNT)	Option 4: Five Trust Model	Option 5: Seven Trust Model	Option 6: Single Regional Trust
Revenue management	0 A multi-trust model allows for different strategies for revenue management. While there may be some benefits in this, it can also create pricing discrepancies and inefficiencies. The RNT is a negative revenue source.	+1 A single approach to revenue management would be more efficient and effective. This allows a more effective approach to ensuring that cost structures for burials and cremations are transparent across all sectors of the interment industry.	0 Only two trusts means a more coordinated approach to revenue management. This model may not effectively deal with the issue of the General Crematorium lease to Invocare.	0 More trusts would mean more approaches to revenue management, which would create inefficiencies and potential pricing disparities.	0 More trusts would mean more approaches to revenue management, which would create inefficiencies and potential pricing disparities.	+1 A single approach to revenue management would be more efficient and effective. Additional benefit of being able to coordinate revenue management across the Western Metropolitan Sydney region. This allows a more effective approach to ensuring that cost structures for burials and cremations are transparent across all sectors of the interment industry.
Investment management	0 Results in two different investment strategies, which may diversify some overall risk but result in inefficiencies compared to a single pooled fund.	0 Results in a single approach to investment management and efficiencies from pooling investment funds. Does not allow for different investment strategies for faith-based groups.	0 Results in two different investment strategies, which may diversify some overall risk but results in inefficiencies compared to a single pooled fund.	0 The disadvantage is four smaller pools of investment funds. The benefits are it allows different strategies for different faiths eg Islamic Investing.	0 The disadvantage is six smaller pools of investment funds. The benefits are it allows different strategies for different faiths eg Islamic Investing.	0 Results in a single approach to investment management and efficiencies from pooling investment funds. Does not allow for different investment strategies for faith-based groups.

	Option 1: Status Quo (Three Trusts)	Option 2: One Trust (Rookwood)	Option 3: Two Trusts (No RNT)	Option 4: Five Trust Model	Option 5: Seven Trust Model	Option 6: Single Regional Trust
Land acquisition	-1 Results in two different and competing strategies for land acquisition, which may drive up costs of acquisition.	+1 Allows for a single consolidated approach to land acquisition for future extensions of Rookwood. Given the urgency of the land availability question, this provides for the most efficient resolution of the issue.	-1 Results in two different and competing strategies for land acquisition, which may drive up costs of acquisition.	-1 Results in four different and competing strategies for land acquisition, which may drive up costs of acquisition and dilute the funds available to purchase and develop land sustainably.	-1 Results in six different and competing strategies for land acquisition, which may drive up costs of acquisition and dilute the funds available to purchase and develop land sustainably.	+1 Allows for a single consolidated approach to land acquisition in the Western Metropolitan Sydney region.
Operational Requirements						
Equitable access	+1 Allows for a coordinated approach to equitable access in the General Cemetery area with the RNT overseeing potential uses of additional common land.	+1 Allows for a single coordinated approach to equitable access and a single view on the use of common areas.	0 May lead to conflicts and differences in the approach to the use of common areas that cannot be effectively resolved by the two trusts.	0 While giving more representation to the faith-based groups it diminishes the ability to have a coordinated approach to equitable access.	0 While giving more representation to the faith-based groups it diminishes the ability to have a coordinated approach to equitable access.	+1 Allows for a single coordinated approach to ensure there is equitable access across the region.
Financial management	0 A three trust model means three sets of financial reporting and different approaches to financial management.	+1 Allows for a single approach to financial management across Rookwood, which would be the most effective structure to deliver sound	0 A two trust model means two sets of financial reporting and different approaches to financial management.	-1 A five trust model means five sets of financial reporting and different approaches to financial management.	-1 A seven trust model means seven sets of financial reporting and different approaches to financial management.	+1 Allows for a single approach to financial management across the Western Metropolitan Sydney region, which would be the most effective

	Option 1: Status Quo (Three Trusts)	Option 2: One Trust (Rookwood)	Option 3: Two Trusts (No RNT)	Option 4: Five Trust Model	Option 5: Seven Trust Model	Option 6: Single Regional Trust
	However, the size of the trusts means effective financial management would be achievable.	financial management.	However, the size of the trusts means effective financial management would be achievable.			structure to deliver sound financial management.
Operations management	0 Not as efficient as a one trust model but the size of the trusts allows for efficient management of operations.	+1 Allows for a single approach to operational management across Rookwood, which would provide efficiencies of scale.	0 Not as efficient as a one trust model but the size of the trusts allows for efficient management of operations.	-1 A five trust model means five approaches to operational management.	-1 A seven trust model means seven approaches to operational management.	+1 Allows for a single approach to operational management across the Western Metropolitan Sydney region, which would provide efficiencies of scale.
Asset management	+1 Not as efficient as a one trust model but the size of the trusts allows for efficient management of trust assets. The RNT drives the development of the Plan of Management that protects standards.	+1 Allows for a single approach to asset management across Rookwood, which would provide efficiencies of scale.	0 Not as efficient as a one trust model but the size of the trusts allows for efficient management of trust assets. No RNT to coordinate the Plan of Management.	0 While inefficient from a scale point of view, the faith-based trusts may be able to leverage the community goodwill to assist in asset management. The RNT drives the development of the Plan of Management that protects standards.	0 While inefficient from a scale point of view, the faith-based trusts may be able to leverage the community goodwill to assist in asset management. The RNT drives the development of the Plan of Management that protects standards.	+1 Allows for a single approach to asset management across the Western Metropolitan Sydney region, which would provide efficiencies of scale.

	Option 1: Status Quo (Three Trusts)	Option 2: One Trust (Rookwood)	Option 3: Two Trusts (No RNT)	Option 4: Five Trust Model	Option 5: Seven Trust Model	Option 6: Single Regional Trust
Environmental Sustainability and Heritage	+1 The RNT serves a strong purpose in ensuring the environmental and heritage considerations are balanced against the commercial cemetery needs.	0 The one trust model would not have the RNT as a body focused on environmental and heritage issues.	-1 The two trust model would not have the RNT as a body focused on environmental and heritage issues, and may also have competing interests between the trusts that impact on environmental and heritage issues.	0 The RNT serves a strong purpose in ensuring the environmental and heritage considerations are balanced against the commercial cemetery needs. However, this becomes more difficult the greater the number of faith-based trusts.	0 The RNT serves a strong purpose in ensuring the environmental and heritage considerations are balanced against the commercial cemetery needs. However, this becomes more difficult the greater the number of faith-based trusts.	0 The one trust model would not have the RNT as a body focused on environmental and heritage issues.
Respectful interment services	0 While this model provides some faith-based representation it does not guarantee respectful interment services for all faiths. This could be improved through the use of area/section managers for each of the faith-based areas that have detailed knowledge of the interment traditions and requirements.	0 A one trust model would be less effective at providing respectful interment services as multiple faith-based trust models. This could be improved through the use of area/section managers for each of the faith-based areas that have detailed knowledge of the interment traditions and requirements.	0 While this model provides some faith-based representation it does not guarantee respectful interment services for all faiths. This could be improved through the use of area/section managers for each of the faith-based areas that have detailed knowledge of the interment traditions and requirements.	+1 The four operating faith-based trusts would be more effective at ensuring respectful interment services for their faiths. However, this does not guarantee respect for all minority faith groups.	+1 The six operating faith-based trusts would be more effective at ensuring respectful interment services for their faiths. However, this does not guarantee respect for all minority faith groups.	0 A one trust model would be less effective at providing respectful interment services as multiple faith-based trust models. This could be improved through the use of area/section managers for each of the faith-based areas that have detailed knowledge of the interment traditions and requirements.

	Option 1: Status Quo (Three Trusts)	Option 2: One Trust (Rookwood)	Option 3: Two Trusts (No RNT)	Option 4: Five Trust Model	Option 5: Seven Trust Model	Option 6: Single Regional Trust
Stakeholder Requirements						
Effective stakeholder engagement and communication	0 This model does not provide a coordinated approach to stakeholder engagement or have enough faith-based trusts to promote more tailored engagement.	+1 The single model provides for a coordinated approach to stakeholder management and communication especially in regards to the wider NSW community.	0 This model does not provide a coordinated approach to stakeholder engagement or have enough faith-based trusts to promote more tailored engagement.	0 The four faith-based trusts would provide strong engagement to certain faith-based stakeholders but may not be as effective at communication in regards to non-faith-based stakeholders. The four faith-based trusts do not represent all of the faith groups at Rookwood.	0 The six faith-based trusts would provide strong engagement to certain faith-based stakeholders but may not be as effective at communication in regards to non-faith-based stakeholders. The six faith-based trusts do not represent all of the faith groups at Rookwood.	+1 The single model provides for a coordinated approach to stakeholder management and communication especially in regards to the wider NSW community.
Community engagement and consultation	0 This model does not provide a coordinated approach to community engagement or have enough faith-based trusts to promote more tailored engagement.	0 The one trust model would not be as effective as a multi-trust model at engagement of faith-based groups in the community. However, it would provide a coordinated approach to community consultation.	0 This model does not provide a coordinated approach to community engagement or have enough faith-based trusts to promote more tailored engagement.	+1 The four faith-based trusts would provide strong engagement to faith-based sections of the community that they represent. However, the four faith-based trusts do not represent all of the faith groups at Rookwood.	+1 The six faith-based trusts would provide strong engagement to faith-based sections of the community that they represent. However, the six faith-based trusts do not represent all of the faith groups at Rookwood.	0 The one trust model would not be as effective as a multi-trust model at engagement of faith-based groups in the community. However, it would provide a coordinated approach to community consultation.

	Option 1: Status Quo (Three Trusts)	Option 2: One Trust (Rookwood)	Option 3: Two Trusts (No RNT)	Option 4: Five Trust Model	Option 5: Seven Trust Model	Option 6: Single Regional Trust
<i>Balance of competing interests</i>	0	+1	-1	-1	-1	+1
	A three trust model would provide some coordination in resolving competing interests (especially with the RNT) although it is not as efficient as a single board.	A one trust model would be best placed to balance competing interests and form a holistic view of the best action for Rookwood as a whole.	A two trust model would not be as effective at managing competing interests especially if they were between the two trusts.	A five trust model would not be as effective at managing competing interests especially if they were between the faith-based trusts.	A seven trust model would not be as effective at managing competing interests especially if they were between the faith-based trusts.	A one trust model would be best placed to balance competing interests and form a holistic views of the best action for the Western Metropolitan Sydney region as a whole.

5.2 The assessment outcome

Model	Religious and cultural requirements	Strategy	Operations	Stakeholder	Total
Option 1: Three trust model (status quo)	+1	-1	+3	0	+3
Option 2: One Trust Model	+1	+4	+4	+2	+11
Option 3: Two Trust model (No RNT)	+1	-1	-1	-1	-2
Option 4: Five Trust Model	+1	-3	0	0	-2
Option 5: Seven Trust Model	+1	-3	0	0	-2
Option 6: One Regional Trust	+1	+4	+4	+2	+11
Option 7: No Trust Model (CCNSW)	N/A	N/A	N/A	N/A	N/A

In reviewing the models, it was deemed inappropriate to consider Option 7 (the removal of all trusts) as this would need to give consideration to the requirements and challenges of the overall NSW cemetery industry, which fell outside the scope of this review. In addition, CCNSW’s responsibility for oversight and regulation of the NSW Cemetery industry is enshrined in legislation, as such it is not appropriate to be considered as a participant in the direct management of cemeteries.

The assessment demonstrated that a **one trust model** would be the most effective at delivering on all of the functional requirements. A one trust model enables the most effective management of the strategic, operational and stakeholder management requirements of Rookwood Cemetery, and allows the Crown trust to make coordinated responses to Rookwood’s key challenges, such as land acquisition and perpetual maintenance while protecting the accessibility for all faiths and ensuring equitable and affordable pricing.

While a one trust model is not as inherently strong as the multi-trust models in ensuring religious and cultural requirements are met, there are a number of mechanisms that can ensure faith-based stakeholders retain a certain level of autonomy and voice in decision making (discussed in **Sections 6 and 7**). It should also be noted that all of the trust models require the management of multiple religious and cultural groups by one trust (a ‘general trust’) due to the diversity of religious and cultural groups that use Rookwood. There are, however, some faith-based trusts that maintain a more active role on the running of the cemetery and ensuring appropriate levels of input from these groups will be important to the success of any future governance model.

The stakeholder feedback provided divergent views about the most important outcomes for Rookwood and how best to achieve these for each faith and cultural group. In determining the most appropriate model, we took a whole-of-Rookwood approach. As such, our review has focused on assessing the ability of a model delivering on the most critical stakeholder requirements, including ensuring protection of religious and cultural requirements but also considering the overall strategic issues facing Rookwood.

5.2.1 One trust model options

In completing this assessment, the results were the same for:

- Option 2: The One Trust model at Rookwood
- Option 6: The Regional Trust model.

Although these two models have many of the same features, the key difference is the number of cemeteries that are managed by the Crown cemetery trust operator.

If a one trust model is implemented, a decision would need to be made about whether the Crown cemetery trust should have responsibility for one or more additional cemeteries:

- The One Trust model would only be responsible for Rookwood Cemetery
- The Regional Trust model would make Rookwood one of two or more cemeteries that a regional Crown cemetery trust would be responsible for.

The challenge of diminishing space available for burial at Rookwood may mean that even if the One Trust model is implemented at Rookwood, a potential strategic land acquisition decision could evolve the governance structure into a Regional Trust (Option 6). There would be no set timeline for the evolution of a one trust model to a regional trust, rather it would be dependent on the acquisition/designation of land as a Crown cemetery.

5.2.2 The status quo

The status quo (the three trust model) rated the next highest in our assessment.

Currently, this model under the RGCRT Administrator's governance is understood to be delivering many of the operational requirements of the stakeholders. Feedback received suggested that many of the stakeholder concerns in the General Trust have been ameliorated since the appointment of the Administrator – but with some unmet emerging challenges. If further governance enhancements are made, this model may be able to deliver more effectively on some of the operational requirements while still maintaining faith-based trust components.

As the starting point for any future governance model, there are a number of steps that can be taken to enhance the status quo model and to improve the effectiveness with which it can deliver on the functional requirements. These improvements can be made regardless of a decision on whether or not a one trust model is most appropriate in the future.

In fact, many of the steps required to transition to the One Trust model can be initiated by strengthening the status quo. These include:

- The implementation of a stronger framework for performance accountability
- A consolidated strategy on land acquisition
- A standardised approach to perpetual maintenance
- The establishment of a CAC⁵⁰ for the service delivery Trusts.

These concepts are explored further in **Section 6**.

⁵⁰ *Cemeteries and Crematoria Act 2013* (NSW), s103 (1)(a)(iii)

6 Governance considerations

6.1 Principles of good governance

Good governance promotes integrity, accountability, transparency, compliance and equitable, efficient decision making and performance, and extends beyond the structural components of Rookwood cemetery, to the relationships with internal and external stakeholders.

It follows that good governance models guide the way in which decisions about strategy, operations, stakeholders and religious and cultural requirements are made. To meet the standards of governance set by the Rookwood stakeholders and wider community, the Rookwood governance structure must be underpinned by a comprehensive framework of principles and safeguards that will ensure the interests of stakeholders are managed.

For the two strongest options (the One Trust model and the Regional Trust model) that came out of the assessment process as described in **Section 5**, we have identified the key governance principles that must underpin the trust structure. We have considered how these concepts should be applied, including principles of the:

- Audit Office of New South Wales, Governance Lighthouse – Strategic Early Warning System (February 2015)
- ASX Corporate Governance Council, Corporate Governance Principles and Recommendations (3rd Edition, March 2014)
- Australian National Audit Office, Public Sector Governance – Strengthening Performance through Good Governance, Better Practice Guide (June 2014)
- Department of Premier and Cabinet (DP&C), DP&C Boards and Committees Guidelines.
- Australian Institute of Company Directors, Good Governance Principles and Guidance for Not-for-Profit Organisations.

We have also outlined how the proposed structure will give due consideration to the objectives of the Act, as well as the requirements of Crown cemetery trust operators, specified in the Act, including:

- The development of a Strategic Plan and Plan of Management
- Fair and equitable access
- Community engagement
- Stakeholder management.

At the time of this review, updates to the *Crown Lands Act 1989* had not been finalised or legislated by Parliament. As such, this review only focuses on the principles and requirements outlined in the 1989 version of the *Crown Lands Act*. Consideration will need to be given to how changes to this Act may impact on the recommendations made in this review.

6.2 Specific governance requirements

6.2.1 Roles and responsibilities

Establishment of any Crown reserve trust entity, allocation of land, designation of purpose and regulation of use of property and assets is effected under the *Crown Lands Act 1989*. Appointment of trust managers, including appointment of a corporation or trust board members for Crown cemetery reserves, is performed under the Act. Regulation of trust cemetery operations is also effected under the Act.

Specification of roles and responsibilities for the management of Rookwood Cemetery under a new governance structure is further informed and given effect by:

- Ministerial Directions under sections 92 (6B) and 111A of the *Crown Lands Act 1989*
- Delegated functions under section 97A of the *Crown Lands Act 1989*
- The Plan of Management for Rookwood Cemetery, which applies to the land areas managed by the trust and the General Crematorium lessee.

The directions, delegated functions, and Plan of Management components of the structure would be comparable to a Charter or Statement of Purpose for the trust, and would provide clarification of the roles and responsibilities of the operating trust versus CCNSW.

6.2.2 Board composition and effectiveness

Under the Act, the affairs of a Crown cemetery trust can only be managed by:

- The Minister
- A trust board
- A corporation
- An administrator⁵¹.

Of the four options described above, only the trust board and the corporation would utilise a board to manage the affairs of the Crown cemetery.

The composition of directors of a Crown cemetery operator (the Trust Board) is important to the success or failure of these options. Noting that the review scope does not extend to the type of Cemetery trust operator that should be appointed⁵², in developing these recommended models, consideration was given to elements of a Trust Board that would enable success, including the merits of a ‘professional’ as against a ‘representative’ board.

There are merits to both types of board; however, the key requirement is that the principles of good governance are maintained and that an appropriate mix of expertise and capability is present on the board.

Professional vs representative boards

In considering the effectiveness of a board, consideration needs to be given to the professional vs representative models.

A representative board is the favoured model among stakeholders. The strengths include:

- Providing the faith-based stakeholders greater input into key decisions that will impact on their communities
- Ensuring the decisions taken are consistent with the objects of the Act, especially around protecting religious and cultural requirements
- Allowing greater engagement and consultation with the different faith-based communities through the use of nominee directors.

⁵¹ *Cemeteries and Crematoria Act 2013* (NSW), s73

⁵² Discussed above in Section 6.1

However, representative boards can have potential flaws including:

- **Conflicts of interest**– The role of a director is to make appropriate decisions in the long-term interests of the entity. In some instances, the correct decision for the entity may not be in the short-term interest of the representative body and conflicts of interest may arise.
- **The right level of representation** – The Act states that a trust board must comprise no more than seven members, none of them being a corporation⁵³. This provides the potential for disagreement among the different stakeholders regarding which faith-based groups should be represented on the board.

While the use of representative nominees does not prevent a board from maintaining the right mix of skills and experience it does present issues around board renewal. The replacement of a member of a board would be required to meet not just the skill set but also be from the relevant faith-based group. It also raises questions around the allocation of experience and skills between the different faith-based groups, ie would a director with expertise in risk management and insurance always need to come from the same stakeholder group?

Good governance principles are clear on the benefits of professional boards. The main driver for professional boards is to ensure that there is an appropriate mix of skills and expertise to assist in effective decision making⁵⁴. Boards that have a diverse mix of skills and experience will be better equipped to deal with challenges and issues that may arise. This does not preclude members of an interest group(s) from being appointed to a Trust Board; however, their appointment would be as individuals, with requisite professional skills, rather than as representatives of these interest groups.

It is worth considering the board structure at other Crown cemetery trusts. Both Southern Metropolitan Cemeteries Trust and Northern Metropolitan Cemeteries Trust utilise a fully professional board with nominees appointed by the Minister⁵⁵. However, the scale of religious and cultural stakeholders at Rookwood is significantly greater than at cemeteries elsewhere in Sydney. As such, there is a strong view from the Rookwood stakeholders that a representative board is required to govern Rookwood effectively.

Western Australia utilises a Statutory Authority (the Metropolitan Cemeteries Board) to govern all Crown cemeteries with professional board members that are appointed by the Minister⁵⁶.

While the above points are important considerations in deciding on the make-up of a trust board, they are not prohibitive to the success of that model provided that the right mix of skills and expertise can be achieved. While not required within the scope of this work, our view is that a professional board would be most appropriate provided there are relevant safeguards (through the use of a CAC or otherwise) to ensure appropriate representation for faith-based stakeholders.

Under the requirements of the Act, a Crown trust operator is required to have the following board committees⁵⁷:

- Community Advisory Committee (CAC)
- Finance Committee
- Audit and Risk Committee.

Given the importance of protecting the religious and cultural requirements of the different stakeholders, and the desire for these stakeholders to maintain some level of autonomy, there may be benefit in strengthening these legislated arrangements. This may include enhancements to the duties and functioning of a CAC, which

⁵³ *Cemeteries and Crematoria Act 2013* (NSW), s74.1

⁵⁴ <http://aicd.companydirectors.com.au/~media/cd2/resources/director-resources/nfp/pdf/nfp-principles-and-guidance-131015.ashx>

⁵⁵ <http://www.woronoramemorialpark.com.au/trustees-and-management>; <https://northerncemeteries.com.au/about/board-members/>

⁵⁶ <http://www.mcb.wa.gov.au/our-organisation/our-board>

⁵⁷ *Cemeteries and Crematoria Act 2013* (NSW), s103.1 (a)iii

has a responsibility to represent all stakeholders and their cultural, spiritual and religious needs. Providing greater clarity on the responsibilities and authority of the CAC to influence decisions that impact on faith-based groups would provide stakeholders with more comfort that their religious and cultural needs will be protected.

Board composition

Principles of good governance maintain that a board needs to have the appropriate mix of members with skills and experience to build the collective capability and effective functioning. Given the complex strategic and operational decisions that would need to be made by the Trust Board, it is vital that the board is comprised of independent professional directors with the right mix of skills and experience. The skills required on the board would include:

- A director or directors with cemetery industry experience, especially in the management of cemeteries
- A director with expertise in the law and legislation that the board is required to comply with
- A director with expertise in financial management and reporting
- A director with expertise in risk management and insurance
- A director with expertise in management of Crown/public lands
- A director with expertise in strategic land use and land planning
- A director with expertise in communications and public relations
- A director with expertise in multicultural and religious affairs
- The chair of the board should be able to demonstrate previous experience with cultural competence and interfaith respect and understanding.

The directors of the Trust Board should be appointed directly by the Minister following a search and nomination process for terms of up to five years. Each director should sign a Letter of Appointment that sets out details such as:

- Their role, responsibilities and duties
- The term of their appointment and any conditions or limits
- Expectations in relation to their governance role, fundraising and any operational activities.

Effective board and committee meetings

A certain level of rigour and structure should be applied to conducting and recording board and committee meetings including:

- ***The frequency of meetings*** – the requirements of the board and timing of key decisions should be considered in determining the appropriate frequency and number of board meetings. The appropriate number should be between 6 and 12 meetings per year.
- ***Conduct of meetings*** – the board meetings should be run by a competent chair that can conduct meetings in accordance with an agreed agenda.
- ***Board papers*** – board papers and presentations should follow set templates and should be sent out to board members a minimum of one week before meetings (with the exception of urgent business matters).
- ***Minutes of meetings*** – minutes of board meetings should be documented including information on decisions, discussion and any dissenting views where appropriate.

6.2.3 Purpose and strategy

The Act requires that all trust operators must prepare and submit a draft strategic plan for review and approval by CCNSW. The Strategic Plan should set out the purpose and mission statement for the cemetery and should address plans to manage strategic issues such as:

- Perpetual maintenance requirements
- Future land acquisition
- Revenue sources
- Investment management.

The Strategic Plan should be evaluated by CCNSW where there are concerns that the strategy is not aligned with the objectives of the Act or the overall interests of the wider NSW community.

The Trust Board would be responsible for ensuring that management of the Cemetery is delivering on the stated strategic objectives and performance against the stated strategy is tracked and monitored effectively.

6.2.4 Risk – recognition and management

All trust operators should have in place a robust system and structure that manages risks to the delivery of the services to the NSW community. This should include a policy for how risks will be identified and managed effectively, and a risk register that includes key risks and proposed risk treatment plans. This risk register should be reviewed at the Audit and Risk Committee and should include risk categories including:

- Compliance risks (eg failure to comply with relevant legislation)
- Financial risks (eg expense management and investment strategy)
- Governance risks (eg ineffective oversight or decision making)
- Operational risks (eg poor service delivery)
- Environmental risks (eg failure to meet environmental sustainability or heritage requirements)
- Cultural and reputational risks (eg worsened stakeholder relations, major failure to deliver on community expectations and inability to deliver equitable access)
- Strategic risks (eg failure to plan for future land acquisition).

6.2.5 Organisational performance

The operational performance of the Trust and management can be assessed against four key pillars:

- **Charter Document** – At the initiation of a new trust, the government will provide Ministerial Directions as part of a Charter that sets out the roles, responsibilities and duties of the Trust Board. This Charter will form the basis of the performance criteria that will be used to assess the Trust on an ongoing basis.
- **Annual Report** – The Trust is required to produce an Annual Report that sets out its performance against the stated objectives and its financial management for the year. The Annual Report is reviewed by CCNSW who have the ability to question aspects of the report if required.
- **Strategic Plan** – Each Crown trust cemetery is required to submit a strategic plan for review and approval by CCNSW. The Strategic Plan should identify the main priorities for the future of a Crown cemetery trust. CCNSW has the ability to either approve, approve with amendments or reject the Strategic Plan of a Crown cemetery trust. This document should be used by CCNSW to review and ensure that the Crown cemetery trusts are making strategic decisions that benefit the whole of NSW rather than just the individual cemeteries.

- **Plan of Management** – The Plan of Management should be developed by the cemetery operator for review and approval by CCNSW. Once adopted, the cemetery operator must carry out and give effect to the plan of management and no operations must be taken on or in relation to the cemetery unless they are in accordance with the Plan of Management. This document if appropriately reviewed and approved by CCNSW can be used as a tool to measure the performance of the cemetery operators and reassure the stakeholders and wider community about the operational effectiveness and delivery of the functional requirements.

These key documents outline the expectations of the Trust and set out clear operational requirements and benchmarks that can be used to assess the operating performance.

The RGCRT in accordance with Multicultural NSW and the *Multicultural NSW Act 2000*, have developed a Multicultural Plan to ensure equity for the culturally diverse community groups within NSW that use Rookwood Cemetery⁵⁸. This plan is effective until 1 June 2020 and was finalised after feedback from Multicultural NSW. This document provides another avenue of setting clear requirements and metrics that can be used to assess the performance of any future Trust at Rookwood in delivering on religious and cultural requirements.

6.2.6 Integrity and accountability

The Trust Board must receive appropriate and timely information from the cemetery management that ensures appropriate review and decision making can occur. It also includes the reporting that CCNSW will receive from the Trust Board(s) to ensure there is appropriate oversight and ability to ensure the objectives of the Act are being upheld.

Safeguards include clear communication, both internally and externally, of the purpose of Rookwood and a statement of performance against that purpose. The most appropriate mechanism for carrying this out is through the Strategic Plan and Annual Report that are reviewed by CCNSW. A further enhancement would be the requirement of an assessment of performance against previous statements of purpose.

Appropriate and accurate financial reporting is a key requirement of ensuring integrity and accountability are upheld by all Crown cemetery trust operators in NSW. Part 5 of the *Cemeteries and Crematoria Act 2013* details integrity and accountability obligations for Crown cemetery operators.

In 2015, CCNSW published a reporting framework for Crown cemetery operators detailing information components required to be provided in reporting of budgets, annual performance, and in respect of Strategic Plans. Requirements apply in respect of quantification and reporting relating to perpetual care and other key performance factors.

Following a change to Accounting Standard AASB 10 in 2013, Crown cemetery trusts are also required to provide annual financial reports to NSW Treasury in respect of requirements of the *Public Finance and Audit Act 1983*. Reporting by Crown operators of financial performance in General Purpose financial statements to NSW Government specifications provides a foundation in performance accountability. CCNSW may consider maintaining supplementary requirements in respect of reporting against key components (potentially to include perpetual care liabilities), and targets specified in Strategic Plans or other documents detailing purposes and objectives.

There is also a need for a detailed analysis to be carried out at Rookwood to accurately determine the following variables:

- The perpetual maintenance requirements
- The current funds allocated to the perpetual maintenance requirements within each trust
- An appropriate formula to be used for the land value aspect of future burials.

⁵⁸ http://www.rookwoodcemetery.com.au/assets/documents/RGCRT-Multicultural_Plan2017_Updated.pdf

This analysis would provide significantly more transparency and accountability for the trust operators, which would result in more confidence among the key stakeholder, users of Rookwood and the wider NSW community that trust boards were operating with integrity and would also allow CCNSW better oversight and ability to ensure the objectives of the Act are being upheld.

6.2.7 Stakeholder engagement and communication

The Trust Board (regardless of it being a professional or representative board) would be required to develop a comprehensive plan for the engagement of and communication with key stakeholders of Rookwood. Key stakeholders are considered to include:

- Key religious groups that need to be consulted on certain aspects of the burial process
- Religious and cultural groups that use Rookwood as a place of burial and memorial
- Key providers within the cemetery and cremation industry, including stone masons, funeral directors and crematoria.

The most appropriate committee to advise on the engagement and communication of all stakeholders would be the CAC, which is required under the Act⁵⁹. This Committee should have a role in the review and making recommendations in relation to a stakeholder engagement plan.

The CAC should have a strong relationship of trust and candour with the Board, to encourage the balanced consideration of stakeholder views. There should be measures implemented to ensure that the views of the CAC are heard by the Board and, where formal recommendations are not adopted, reasons for the decision are recorded and provided back. However, where a material disagreement then arises, CCNSW should play a role in resolving the dispute and reconciliation.

The Committee should be chaired by a member of the Board. That Director should have expertise in multicultural and religious affairs, and offer standing invitations to representatives of the key stakeholder groups identified above.

6.2.8 Religious and cultural requirements

The protection of religious and cultural requirements is the key obligation of any Trust Board at a Crown cemetery and this requirement is clearly articulated in the objects of the Act⁶⁰. The nature of the industry means it is often dealing with stakeholders at a time of emotional pain and grief. The diversity of religious and cultural groups that use Rookwood also requires an ability to provide different services and interfaces that acknowledge the customs and needs of each group.

Board level management of religious and cultural requirements

To deliver on religious and cultural requirements, stakeholders need the confidence that they have the ability to provide advice on strategic decisions as it impacts on the interment needs of their faith. This would include the ability to advise on elements of the Strategic Plan, and to maintain some level of input into faith-based decisions, eg innovations in interment services (renewable tenure) and use of current and future land. This could be achieved through the introduction of a representative board that also has the required professional skills. If a representative board is not utilised then this could be achieved through the CAC if set up correctly. An appropriate CAC would be one that plays a key role in liaison and engagement with stakeholders, as well as providing a forum for issues to be raised and religious needs to be expressed and a requirement that they be considered by the Trust Board.

A successful trust board will consider the need to build an appropriate level of rigour around protecting religious and cultural requirements. This responsibility should be shared by the entire board and management of Rookwood and should be embedded within the culture of the organisation. It would be appropriate for the

⁵⁹ *Cemeteries and Crematoria Act 2013* (NSW), s103(1)(a)(iii)

⁶⁰ *Cemeteries and Crematoria Act 2013* (NSW), s3

CAC to play a key role in providing insight and advice at the board level to ensure that this is being carried out appropriately.

Management level protection of religious and cultural requirements

At the management level, this should be delivered through providing for a certain level of autonomy and tailoring of practices and services. For example, stakeholder feedback was received on the need to ensure appropriate timing of services according to the religious requirements. This can be achieved through the creation of relationship managers, area managers and service desks for each of the major religious groups that can provide an appropriate interface between Rookwood and the stakeholder groups. A Memorandum of Understanding should also be used to provide clarity on how certain needs and requirements of religious and cultural groups, including maintenance standards and techniques, and certain operational requirements, such as tombstone sizes and inscriptions, would be protected.

Management also need to have processes in place to appropriately capture, manage and monitor complaints. Management should also be assessed by the board on their performance against the religious and cultural requirements.

6.3 Industry administration and oversight

6.3.1 Strategic planning

An important element of being able to deliver a successful governance model at Rookwood and other Crown cemeteries in NSW is a cohesive, clearly articulated vision for the future of the cemeteries and crematoria in Metropolitan Sydney, and where Rookwood and Rookwood governance entity or entities fit within this vision. A lack of clarity in this area may result in different strategies for land acquisition and capital works at individual metropolitan cemeteries that benefit those individual cemeteries but do not provide appropriate consideration of the requirements of the Metropolitan Sydney community.

At the time of preparation of this Report, PwC understand that CCNSW is completing a report on cemetery capacity in Greater Sydney, intended to provide independent evidence to inform planning for the future provision of service capacity for the communities of Metropolitan Sydney and the Hunter, Central Coast and Illawarra regions. In its oversight role, CCNSW may need to coordinate strategic actions arising from the study to address community needs for interment services in the most effective and efficient manner possible.

6.3.2 CCNSW oversight

A key objective of the 2012 reforms, and the objects of the Act, was to provide appropriate and equitable interment services for people of any faith or none that respects relevant religious and cultural requirements and promotes affordable and accessible interment practices, particularly for those of limited means. The overall responsibility for this rests with the NSW Government; however, in practice this has been outsourced to the operators of cemeteries in NSW, especially the operators of Crown cemeteries.

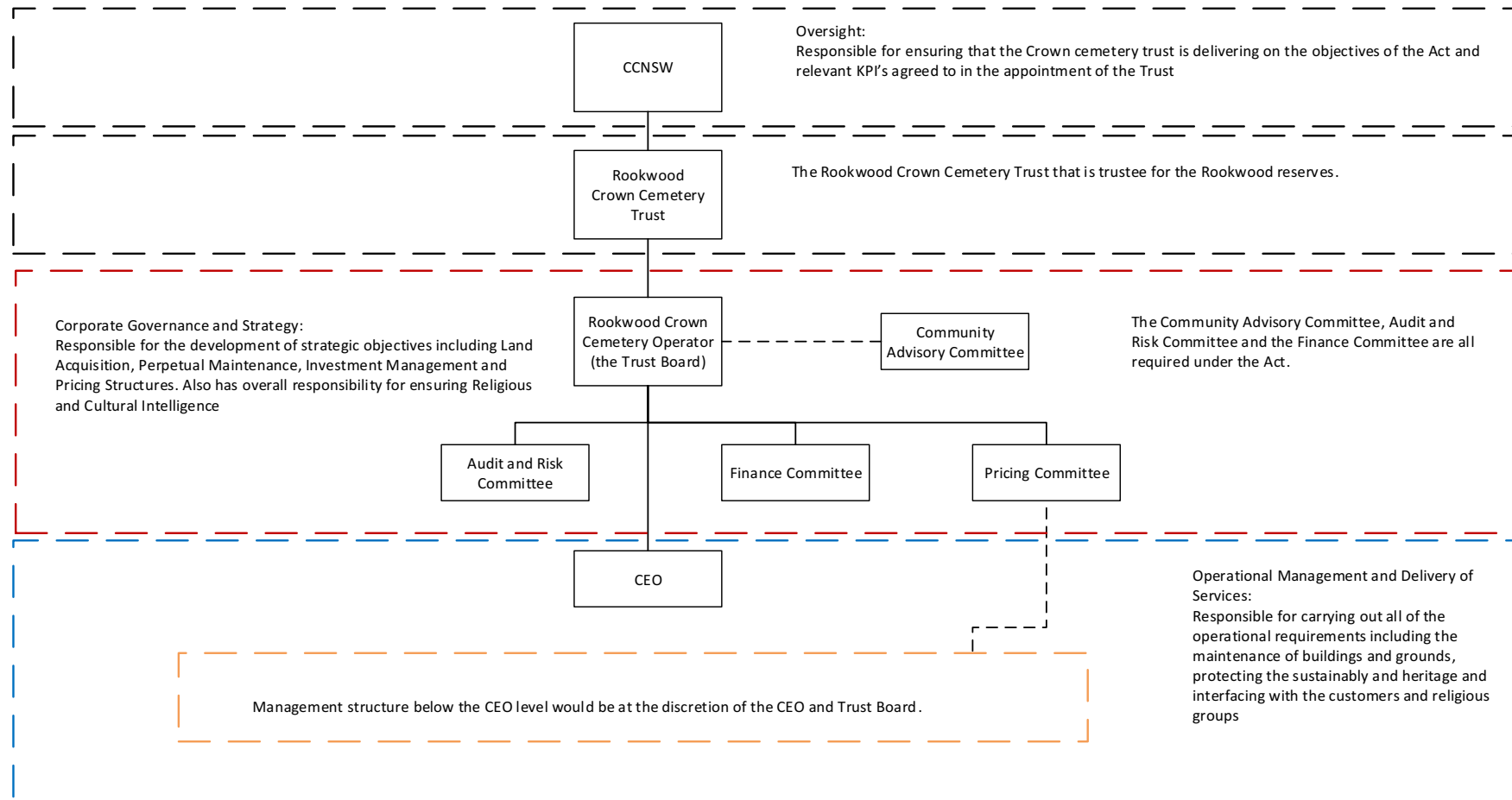
To deliver on these objectives, CCNSW needs to have appropriate oversight of the Crown cemetery operators and sufficient levers to pull where there is a view that the performance of the operator is not in line with the objectives of the Act. The Act provides the ability for CCNSW to achieve this, in particular through the review and approval of the following documents:

- Strategic Plan
- Plan of Management
- Annual Report.

The opportunity also exists for CCNSW to review the effectiveness of the CAC. This could be achieved through the creation of a formal charter of responsibilities of the CAC including around community engagement, religious and cultural requirements, service orientation and dispute resolution. CCNSW may be able to assess the effectiveness of the Committee in meeting its objects/charter.

7 Recommended structure

Figure 8: Recommended One Trust model – noting that the Minister approves the Trust structure and appoints managers (Crown cemetery operators) of that structure. The management of that structure is then responsible for confirming the sub-committee and management structure.



Section 6 of this Report outlined the good governance requirements of any future governance model. Building on this there are some specific design elements of the One Trust model that should be considered to ensure effective governance is delivered.

The benefit of the One Trust model is that it allows a consolidated and coordinated approach to decision making. However, given the vast number of decisions that need to be made and the complexity of those decisions it is important that the one trust model has a structure that allows it to build expertise in certain areas and engage appropriately with the relevant stakeholder groups.

7.1.1 Rookwood Trust Board

The Trust Board should be a seven member board (with an appropriate cross-section of skills and experience) with its members appointed by the Minister and responsible for the strategic and corporate governance aspects of Rookwood, including:

- Being accountable for performance against objectives detailed in the Charter (or Ministerial Directions)
- Decisions around future land acquisition to meet the needs of stakeholders of Rookwood into the future
- Funding of the perpetual maintenance requirements including how to ensure appropriate levels of maintenance are continued even after Rookwood cemetery has been buried out
- Investment of current funds including decisions around use of funds for capital works or land acquisition
- Overall responsibility for ensuring that religious and cultural requirements are embedded as part of the organisation and that the objectives of the Act are considered in all decisions
- Approving pricing decisions recommended by the Pricing Committee
- Ensuring that environmental sustainability and heritage requirements are considered and protected in accordance with the relevant legislation and Acts
- That principles of good governance are considered and maintained including ensuring that the board has the right mix of skills and capabilities and that succession planning has been appropriately considered.

To assist with carrying out these responsibilities, the Board should establish the following advisory committee and sub-committees:

Community Advisory Committee – The Act requires the establishment of a Community Advisory Committee (CAC) to liaise with communities to which the trust board provides cemetery services⁶¹. This committee could be utilised to ensure that the religious and cultural needs and customs of the various religions are considered in all key decisions. The successful functioning of this committee is vital to the ability of a one trust model to be successful in supporting effective governance of Rookwood if there is not a representative board. As such, this advisory committee should have the following attributes:

- Accountable for performance against the CAC Charter (or Ministerial Directions), including objectives that involve community engagement, religious and cultural requirements, service orientation and dispute resolution
- Chaired by an independent member of the Board, with expertise in religious affairs, cultural affairs or both. This director should also sit on the Pricing Committee
- Offer standing invitations to nominated members from the relevant religious and cultural groups of Rookwood.

⁶¹ *Cemeteries and Crematoria Act 2013 (NSW), s103.1.a.iii*

- A member of the CCNSW board should be a standing invitee
- The terms of reference and process for reporting to the Board should be made available to the relevant religious and stakeholder groups
- As outlined under the Act, the Trust Board must consider any matter that is the subject of a report or that is raised by a community advisory committee⁶².

The CAC would be set up with a formal Charter document that describes the roles and responsibilities of the CAC including:

- The duties of the CAC in liaising with the community to ensure appropriate community engagement is achieved, and religious and cultural requirements are protected, setting standards for service delivery and managing dispute resolution
- The ability to make proposals and recommendations to the Board
- The performance metrics that the CAC will be measured against.

These responsibilities could be further clarified through the issuing of Ministerial Directions:

- **Finance Committee** – would be responsible for review and approval of key financial decisions including investment strategy, capital works and land acquisition.
- **Audit and Risk Committee** – would be responsible for review of the organisation’s systems and internal controls, reviewing the systems and processes place for managing and mitigating risks to the organisation, and assessing specific operational functions and activities.
- **Pricing Committee** – would be responsible for an annual review of the pricing structures of interment services at Rookwood to ensure that they are transparent, equitable and appropriate for the requirements of the different services.

7.1.2 Rookwood management

Underneath the Trust Board would be a layer of management headed by the CEO. It would be up to the Trust Board to determine the appropriate management structure to deliver on the required outcomes at Rookwood. However, there should be clearly articulated and documented delegations of authority from the Board to the CEO and below. The responsibilities of the Rookwood Management would be to ensure:

- A plan of management is developed and presented to the Rookwood Trust Board for review and approval before submission to CCNSW
- The management of all operational, financial and asset related aspects of Rookwood including maintenance of buildings and common areas such as roads; management of all operational staff and contractors and operational expenses; the maintenance of appropriate systems and processes for financial management and reporting; and oversight of cost, revenue and perpetual maintenance.
- That environmental sustainability and heritage requirements are considered and protected in accordance with the relevant legislation and Acts
- The provision of burial services to all stakeholders in accordance with their religious or cultural requirements and ensuring access to the Cemetery is equitable and appropriate

⁶² *Cemeteries and Crematoria Act 2013 (NSW), s103.5*

Recommended structure

- Liaising and interacting with stakeholders on a day-to-day basis including handling complaints and issues that may arise
- Identifying and putting a process and controls in place to manage key strategic, operational and stakeholder risks.

In assisting the Board to carry out these responsibilities, the management of Rookwood could consider the following:

- A function focused on the maintenance of buildings and grounds including roads, signage and common areas
- A function focused on the financial reporting and accounting administration aspects of the operations including IT systems and support
- A function that is tasked with ensuring that environmental and heritage requirements are carried out in accordance with the relevant legislation and regulations
- A function that is dedicated to burial services. This function could include the use of area managers to look after interment services in certain areas of the cemetery and could also involve the use of Relationship Managers to provide appropriate interaction with the different faith-based groups. This function would also be responsible for the coordination of the maintenance of burial sites to ensure that any maintenance works are conducted in accordance with the requirements of the different faith areas.

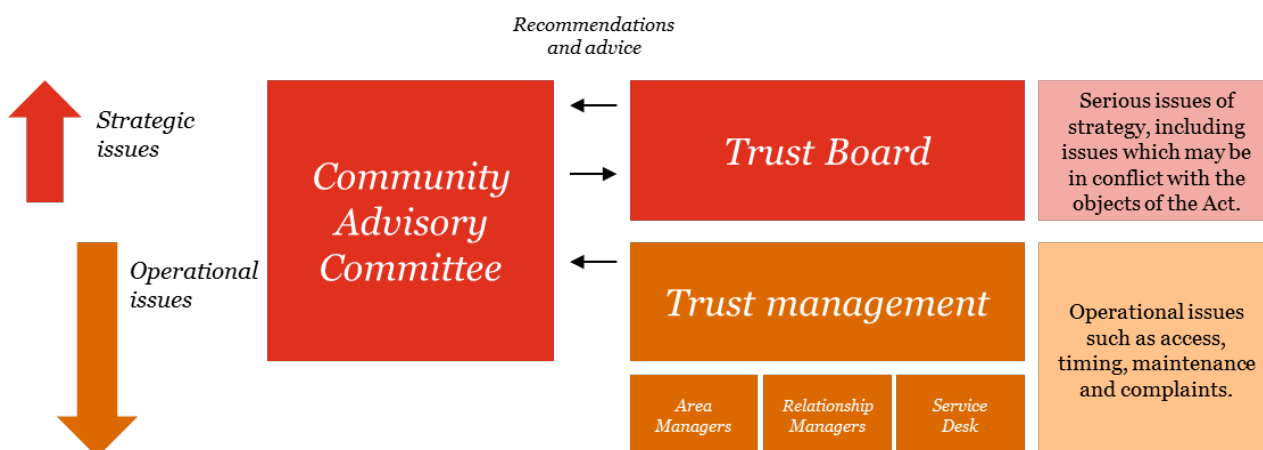
These management functions would report to and through the CEO to the Board. The Board would be responsible for assessing the performance of the management team and the terms of employment, but may delegate some of this responsibility to the CEO. There would also be an indirect relationship with the CAC, to the extent that it operates as a channel for insights and dialogue with Rookwood's communities and stakeholders regarding community engagement and delivery of services.

7.1.3 Ensuring religious and cultural requirements are maintained

One of the key success criteria for any governance model at Rookwood is the ability to ensure that the needs and requirements of the different religious and cultural groups are considered and protected in accordance with the Act.

A one trust model can deliver on this requirement through the development of an effective CAC that allows representation and engagement with religious and cultural stakeholders. The ability for this Committee to be effective is dependent on ensuring that the right issues are dealt with at the right levels of the organisation, through accountabilities in the Committee Charter, performance objectives and a business plan. The diagram below outlines the hierarchy of strategic and operational issues and how they would be dealt with by a one trust model.

Figure 3: One trust model



Strategic issues

Issues of a strategic nature, including concerns around pricing, land acquisition and respect of religious practices would be raised by the stakeholder representatives to the CAC. The CAC would have authority to provide information to the interested party(s) about the Rookwood strategy and policy. If not resolved, the CAC would have the ability to provide advice, recommendations or both to the Board about how to resolve the matter.

Serious issues that may be considered breaches of the objects of the Act would be presented by the stakeholder representatives to the Chair of the CAC, who would then be responsible for tabling these issues at a meeting of the full board.

Operational issues

Operational issues such as the access and timing of services and facilities, maintenance requirements and all general complaints would be dealt with by the Trust management. The Trust Board could take a range of approaches to ensuring that the operational requirements are delivered in a fashion that maintains the religious and cultural requirements. This could include the use of relationship managers, area managers and service desks to provide an appropriate and tailored interaction with different stakeholder groups. The responsibilities of these roles could include the direct liaison with the religious and cultural community stakeholders. Under such a structure, an area manager would have responsibility for the operational management of a geographic area of Rookwood, which may include one or more parcels of land reserved for a particular religion or culture. A relationship manager would have responsibility for liaising with and observing the religious and cultural requirements of the faith(s)/culture(s) that they are responsible for. The area managers and relationship managers would have responsibility to work together to ensure that the needs of these groups are realised in the operational management of Rookwood.

The Crown cemetery trust management should also have the opportunity to access the support of the CAC to obtain an understanding of the needs and requirements of the different religious and cultural groups.

Regardless of the management structure installed, it would be expected that the employment contract and role description of the CEO would include metrics around the management of cultural and religious requirements and performance against this would be reviewed by the Board.

In addition to this, a robust complaints management system and process should be set up to provide stakeholders with the forum to raise any issues they have about management's ability to deliver on the operational requirements.

7.1.4 Delivering on key challenges

A one trust model, be it limited to Rookwood or a Regional Trust, delivers on the key challenges outlined in the case for change in the following ways:

- ***Transparent and equitable pricing*** – A one trust model has a greater capacity to leverage its full financial and land resources to deliver an equitable pricing model. Through cost efficiency, asset management and fulsome community engagement, a one trust model can ensure equitable access and consistency across all of Rookwood.
- ***Upholding religious and cultural requirements*** – As described in **Sections 6 and 7** of this Report, there are a number of safeguards that can be put in place to ensure that the religious and cultural requirements of stakeholders are considered and maintained in a one trust structure. Furthermore, it is worth noting that all the other metropolitan Crown cemetery trusts currently manage multiple religious and cultural stakeholders through a one trust model. A one trust model could be enhanced through the deployment of relationship managers and area managers that understand the nuanced religious and cultural interment requirements. A representative trust board or the use of an enhanced CAC (required by the Act) could serve as an appropriate vehicle for the proper engagement of stakeholders and the wider community.

- ***Diminishing land availability at Rookwood and land acquisition strategies*** – Stakeholder feedback identified this as being a critical issue that any future governance structure would need to be able to deliver on. While there are some operational decisions (such as renewable tenure) that can increase the remaining land availability at Rookwood, the only long-term solution is to acquire or facilitate access to additional land outside of Rookwood. The one trust model is best placed to be able to secure additional land for Rookwood as it can use the full funds available to all trusts to move a consolidated decision on future land purchases. It also prevents the chance of two or more trusts at Rookwood competing for the same parcel of land and driving up the costs of acquisition.
- ***Perpetual maintenance*** – A one trust model is best placed to ensure that the full trust resources can be used and strategic decisions made for the funding of perpetual maintenance that are in the interests of ‘One Rookwood’ and the wider NSW community.
- ***System of accountability and oversight*** – A one trust model is in line with the governance structures at the other metropolitan Crown cemeteries and will enable a more efficient system of accountability and oversight. A one trust model would require CCNSW to review only one Strategic Plan and Annual Report for all of Rookwood.

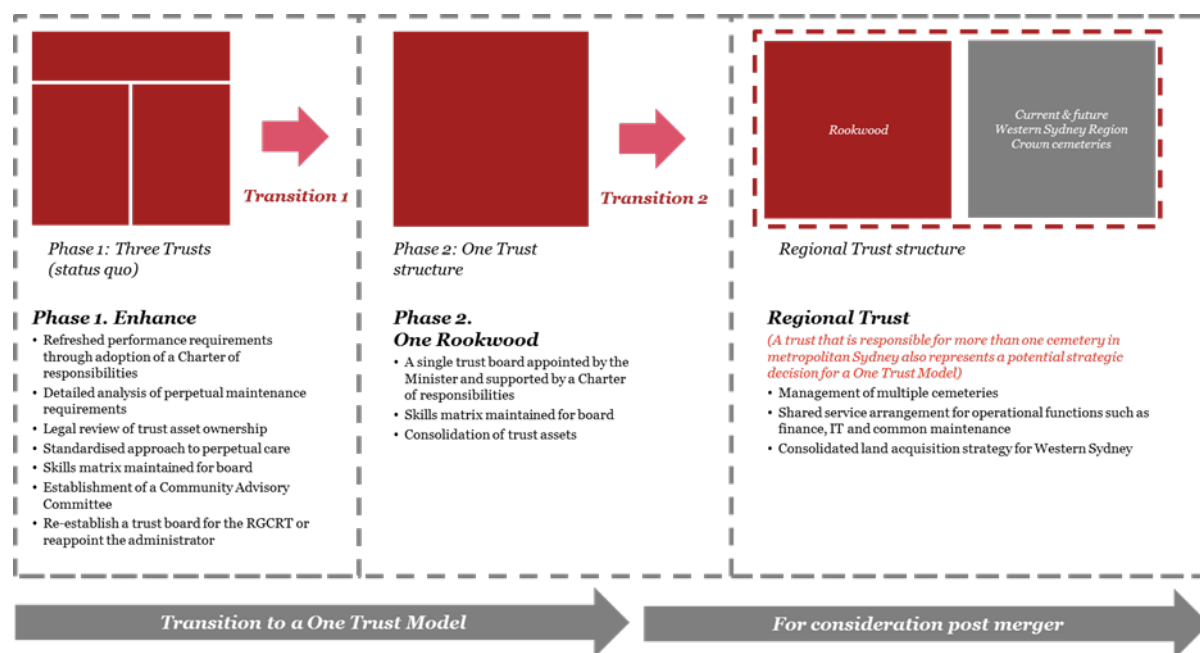
Given this, it is recommended that the NSW Government consider the evolution of the 2012 reforms and move to a one trust model that delivers on the ‘One Rookwood’ vision. As more land is acquired within the Western Metropolitan Sydney region it may be appropriate that Rookwood becomes a part of the responsibility of a single regional trust.

8 Transition and implementation

In making the recommendation to move to a one trust model, we recognise the efforts required in that transition and the need for a functioning governance structure in the interim. As such, we have set out the steps towards implementation into three phases:

- Enhancement – an enhancement of the governance arrangements of the status quo
- One Rookwood – the One Trust model for the management of Rookwood cemetery
- Regional Trust – transitioning to the One Trust model before a Regional Trust provides a strong, sustainable foundation for a Regional Trust. The transition to a Regional Trust may be a target end state or a strategic decision available to the Rookwood Trust Board to manage one or more cemetery.

Figure 4: Transition to a Regional Trust



8.1 Due diligence

Prior to any final decision being made on the appropriate governance model for Rookwood in the future, a comprehensive due diligence process should be conducted to assess:

- Legal ownership of trust assets – the appropriate legal ownership of the trust assets in preparation for the potential amalgamation of the existing trusts, including any provisions that were made to ring-fence funds from the previous faith-based trusts
- The financial costs of moving to a one trust model including any compensation required to current trust operators of management
- Consideration of the lease of the general crematorium and land to Invocare and the potential implications of a change in governance structure on this arrangement
- Any implications on the legal status of the current trusts or any new trusts that would be established, particularly as it relates to charitable status.

This due diligence should also consider any changes to the legislative framework that have occurred since this review that may impact on the recommendations made. This includes changes to the *Crown Lands Act 1989* and the Act. It also includes purchases of land made by the current trusts and implications this may have on the proposed governance model.

8.2 Phase 1: Enhance

The first requirement is to enhance the current governance arrangements at Rookwood and address some of the existing challenges in a more coordinated and structured way. The key requirements to achieve this are:

- Reset the performance objectives of the existing trusts through Ministerial Directions or the enhancement of a Charter document to provide clear expectations around key responsibilities and delivering on the objects of The Act.
- An external party should be engaged to conduct a detailed analysis and form a single view of the perpetual maintenance requirements and current financial adequacy of the existing trusts. We understand both trusts have conducted a review of their own status in this regard. However, different reviews will use different assumptions making it difficult for CCNSW to form an overall view of any funding shortfall.
- Develop a standard approach to perpetual care, including common assumptions and expenditure types for the existing trusts at Rookwood so that a better comparison of performance and costs can be attained.
- Strengthen the governance arrangements of the CAC, as required under the Act, for the service delivery trusts at Rookwood. This should aim to strengthen the relationship with the community stakeholders, and ensure that the religious and cultural needs and customs of the various religions are considered in all key decisions.
- A skills matrix to be maintained for the current boards that includes the required skills outlined in **Section 6** of this Report.
- The government would need to have confidence that the underlying issues that led to the appointment of Administrator to run the RGCRT had been adequately addressed and a trust board should be re-established or the Administrator re-appointed to govern the RGCRT. A trust board could be fully professional or representative but should have members chosen that have the required skills and expertise as outlined in **Section 6** of this Report.

8.3 Transition 1: A one trust model

To move to a one trust model, there would need to be a number of transitional measures implemented to provide a strong base to amalgamate the three existing trusts, including:

- **Appointment of board members** – The one trust model will require the Minister to appoint directors to the board. The directors should be nominated and chosen on their ability to meet the skills and experience set out in **Section 6.2.2** of this Report. The Minister would also need to consider the merits of a faith-based representative board at this point.
- **Financial** – The finances of the three current trusts would need to be consolidated and amalgamated. This may include a transitional period to migrate across the accounts and financial systems into a consolidated set of accounts. The key learnings from the amalgamation of the previous faith-based trusts into the RGCRT⁶³ should be considered and implemented before this process is undertaken.
- **Human resources** – There would need to be a consolidation of the staff currently employed by the three trusts. This may include severance packages and the termination of contracts.

⁶³ KPMG Rookwood General Cemeteries Reserve Trust – Trust Amalgamation Review, 9 June 2017

- **Management** – A new or consolidated management team would need to be appointed to take over the operational management of the cemetery. This may require a period of handover with the current management team to learn the required practices and systems.
- **Ministerial Directions provided under the Act** – In establishing the new one trust model, the NSW Government/CCNSW has the ability to provide directions that cover the roles and responsibilities of the trust and the expected performance.

Strengthen the role of the Community Advisory Committee

Regardless of the board being purely professional or representative and professional, the CAC will play a key role in ensuring that religious and cultural needs and requirements are represented in a one trust model. As a transition point to the one trust model, the role of the CAC should be strengthened to provide comfort to stakeholders that their views and recommendations on religious and cultural decisions will be considered. The CAC could be strengthened through the development of a formal Charter that outlines:

- The duties of the CAC in ensuring appropriate community engagement, religious and cultural requirements are represented, setting standards for service delivery and managing dispute resolution
- The capacity for the CAC to make recommendations to the Board about significant religious and cultural issues impacting the stakeholders of Rookwood, particularly those relating to strategy
- The performance metrics that the CAC will be measured against.

8.4 Phase 2: One Rookwood

Once the above steps have been taken and the current governance structure has been stabilised, the next step is the amalgamation of the remaining trusts into the One Trust model. **Section 7** of this Report outlines the attributes of the One Trust model; however, the key steps to move to One Rookwood would be to:

- 1 Consider the appropriate vehicle for consolidating the current three trusts into one. This could include the formation of an entirely new trust or the amalgamation of assets into one of the current trusts. This may mean considering the changes required to the legislation related to the RNT, including the Act. Part of this decision should include consideration of the affect this would have on the legal status of the current or any new trusts.
- 2 Consolidate the three trusts and trust assets into one trust with responsibilities formally documented in a Charter and supported by Ministerial Directions that outline key performance requirements.
- 3 Appoint a professional board to operate the trust that includes the requisite skill sets and expertise to build capability and ensure effective functioning of the board.
- 4 Develop and roll-out of a CAC to ensure that the interests and requirements of the faith-based and cultural groups are considered in all key decisions.
- 5 Consolidate the operational management of the whole-of-Rookwood so that there is a single approach to the provision or contracting of maintenance staff
- 6 Establish area managers, relationship managers and service desks to provide appropriate levels of service and interaction for the main religious and cultural stakeholders.
- 7 Consolidate the approach for land acquisition for future extensions of Rookwood.

The expectations and roles and responsibilities of the Crown cemetery trust must be formalised to ensure that there is clear and transparent accountability. These directions could be formalised through the development of a Charter document that details the expectations, duties and how performance will be assessed, and may be supported by Ministerial Directions.

8.5 Evolution to a regional trust

Following the successful transition to the One Trust model, a further decision can be made about the evolution to a regional trust that has responsibility for more than one cemetery. This decision could be taken as a direct result of this review or could be delayed until the successful transition to the One Trust model. Either way, the evolution to a regional model would require the initial transition to the One Trust model. Although less complex than the transition from the Status Quo to the One Trust model, evolution would require the following elements as new Crown cemetery lands are acquired:

- **Financial** – Ensure that appropriate accounting and financial management systems are in place to manage the accounts and finances of multiple cemeteries
- **Maintenance** – Look to establish a shared service for the maintenance of common areas in all of the cemeteries
- **Management** – Depending on the size and location of additional cemetery lands, new management teams or roles may need to be established.

The potential evolution of the One Trust model would be the extension to a regional trust that has the responsibility for multiple cemeteries in the Western Metropolitan Sydney region although this does not suggest it would have exclusive rights over all cemeteries in this region.

This could be brought about through the purchase of additional land for dedication as a cemetery or the allocation of existing cemeteries to the Regional Trust. The further steps would then be the:

- Development of a consolidated strategy for land acquisition in the Western Metropolitan Sydney region
- Establishment of a shared service model for backroom functions such as IT, finance and accounting, administration and some maintenance functions.

The Regional Trust model is in line with the current structures at Southern Metropolitan Cemeteries Trust and Northern Metropolitan Cemeteries Trust. As such, a consideration would be to change the name of the trust to the Western Sydney Metropolitan Cemeteries Trust.

9 *Benefits and risks*

In undertaking this review, consideration has been given to a number of factors that ultimately drive the requirements of a governance structure, including:

- The long, rich and complex history of Rookwood and its place as the largest cemetery in the Southern Hemisphere
- The trends, issues and challenges facing the Cemetery and Crematoria Industry in NSW including population growth, net migration of people to the Western Metropolitan Sydney region and a net inflow of demand for burial services in this region
- The aims of the 2012 reforms into the Cemetery and Crematoria industry including the need to uphold the objects of the Act
- The stated objective as part of the 2012 reforms to progress towards a consolidated 'One Rookwood' model in the future
- Feedback from key religious and cultural stakeholders and current trust operators
- An analysis of the key challenges that Rookwood Cemetery faces now and will continue to face into the future

In assessing the different governance models against the functional requirements, a one trust model proved to be the most effective at enabling sound governance and delivery on the requirements.

9.1 Implementation risks

Inherent in the introduction of change are the risks to its implementation, and change at Rookwood is not immune to this. At Rookwood, the risks to implementing any change to the governance arrangements are heightened by some of the historical issues, including the perceived shortcomings of the previous governance of the RGCRT and stakeholders' strong cultural and religious connection to Rookwood.

The scope of the review required PwC to consider stakeholder views in addition to broader strategic and operational challenges to Rookwood's future – through this, we heard strong and, at times, divergent views on how these challenges should be responded to.

9.1.1 Risks to changes to arrangements for Crown cemetery operators

This Report identifies the needs and recommends future governance arrangements for Rookwood Cemetery; however, this Report does not recommend which entity(s) or person(s) should be appointed as the future governors and/or managers of Rookwood.

If the recommendation that the One Trust model manages the cemetery is endorsed and implemented, the appointed corporation, administrator or board could be one of the existing Rookwood Crown cemetery trusts.

It follows that if one or more Crown cemetery trusts or Crown cemetery operators are dissolved/removed, a range of issues will require careful analysis, planning and management, which include, but are not limited to:

- **Assets** – Assets held, maintained and used by the trusts (ie financial assets, property plant and equipment) and the implications for Rookwood and any stakeholders that rely on these arrangements, including contractual arrangements, other cemeteries, and religious and cultural stakeholders.
- **Liabilities** – Crown cemetery operators are able to enter into arrangements for the management of Rookwood cemetery. Where these arrangements require future payments or have accounts payable, these liabilities will need to be completely accounted for and addressed.

- **Staff and operations** – By virtue of their structure, the existing trusts at Rookwood each have employed staff and entered into contractual arrangements. Some may need to be continued, varied or terminated.
- **Cemetery users and stakeholders** – The management of relationships with communities, customers and business partners.
- **Built infrastructure** – existing Rookwood trusts manage a range of built facilities, equipment and operational infrastructure at the Cemetery. The ongoing use or preservation of this infrastructure needs to be carefully considered.

As suggested in **Section 8.1** of this Report, a comprehensive due diligence process should be conducted prior to the transition to a one trust model to assess the above risks and associated costs in more detail.

9.1.2 Risks of implementing a one trust model

There are a number of risks to a one trust model that should be appropriately considered and planned for including:

- Several key stakeholder groups sought autonomy over the interment for members of their faith through this review. The adoption of a one trust model would need to include appropriate safeguards to protect a certain level of autonomy for faith-based groups.
- Whole-of-Rookwood decisions will be made by a single body, under a one trust model, and the presence of diverging views means that there is a risk that one or more stakeholder group will be unhappy with the decisions made.
- Expectations of government were articulated by stakeholders as part of this process. Not appropriately responding to these through the mechanisms of a one trust model reduces the likelihood that stakeholders will support the model.
- The requirement of a clear purpose and mandate to govern. Not supporting the Crown trust operator with this will reduce its effectiveness in managing stakeholders and the authority with which it can make decisions.

9.1.3 Risks to implementation of change

As well as how changes will impact existing arrangements and relationships, the key risks that manifest if change is not planned, considered and implemented properly may include:

- Tensions of consulted stakeholders that some or all of their expectations expressed through the stakeholder consultation are not reflected in the future governance arrangements
- Loss of stakeholder trust and engagement if their religious and cultural requirements and expectations are not met
- Failure to adequately consult and address the issues and requirements of existing trust managers
- Failure to ensure affordable and equitable access to interment services if decisions around diminishing land availability are not adequately addressed
- Loss or waste of finances if the amalgamation of trust assets is not appropriately conducted
- Reputational damage if Rookwood Cemetery is seen to not be upholding the objectives of the Act
- Legal dispute over the treatment and ownership of the assets held within the trusts
- A failure to implement clear and robust governance measures to ensure consistency and sound governance of Crown cemetery trusts
- An extended implementation timetable may reduce the financial assets available to meet the key challenges of Rookwood, and frustrate the mandate for change.

Sections 6 and 7 of this Report outlined some of the principles of good governance that should be applied to any governance structure at Rookwood as well as some clear steps and safeguards that a one trust model would require. **Section 8** outlined the key transition elements that would be needed to strengthen the current structure before moving to a one trust model. Together, these sections outline the key steps that if followed will mitigate the risks listed above.

9.2 Benefits of a one trust model

A one trust model has considerable influence on ensuring that the specific functional requirements that were highlighted as important to the stakeholders are met. Diverging views and priorities made it difficult to design a model that met all of the desired review outcomes. The benefits that moving to a one trust model – be it the One Trust or Regional Trust – for Rookwood would deliver, include:

- A more consistent, professional and equitable approach to pricing decisions
- A consolidated approach to future land needs and acquisition that may provide more efficient and effective use of the Crown's assets and ultimately deliver a better outcome for the stakeholders of Rookwood and the wider NSW community
- Greater consistency in the equity and access to interment services
- Operational cost efficiencies that would enable the Crown cemetery trust to decide whether to apply the resources to adjusting the pricing model or the perpetual maintenance requirements
- A more professional and consultative approach to stakeholder and community engagements
- A consistent approach to the preservation of Rookwood's historical, heritage and environmental features
- Closer contact with, and a deeper understanding of, more of Rookwood's religious and cultural stakeholders' needs – through resources applied to area and relationship manager roles
- A more robust framework to ensure that there is accountability and transparency in the governance of Rookwood for all stakeholders
- Professional governance of strategic decision making and oversight of the operations of Rookwood.

In addition to this, a one trust model finally delivers on the objective of realising 'One Rookwood'. Rookwood has an incredible historical and cultural significance not just to the religious and cultural groups who have buried their loved ones there, but as a permanent record and monument to the histories and stories of the people and faiths of Sydney and NSW. The successful implementation of a one trust model provides the best opportunity to ensure that this important cultural and historical aspect is considered and protected into the future.

10 Stakeholder feedback on the Draft Report

10.1 Feedback process and timeline

The process for contacting the key stakeholder groups was agreed with the CCNSW and Department of Industry Steering Committee at the outset of this phase of the engagement. A letter was sent by CCNSW in late August to the five major stakeholder groups that outlined the process for consultation and included the Draft Report. The stakeholders contacted were:

- Catholic Metropolitan Cemeteries Trust (CMCT)
- Rookwood General Cemeteries Reserve Trust (RGCRT)
- Rookwood Necropolis Trust (RNT)
- Lebanese Muslim Association (LMA)
- Jewish Board of Deputies (JBD).

The timeline specific for the stakeholder engagement was 4 to 18 September 2017. PwC contacted each of the stakeholder groups to arrange a time to meet face-to-face and to invite them to provide a written response to the Draft Report.

The dates of contact and responses of the stakeholders are included in the table below.

Table 1: Stakeholder responses

Stakeholder	Date of first contact	Response	Written Feedback	Meeting
CMCT	14 September 2017	Agreed to meet in person and provide written feedback.	Received on 15 September	05 October
RGCRT	06 September 2017	Agreed to meet in person.	None received	09 October
RNT	06 September 2017	Called PwC on 6 September. Declined to meet in person or to provide written feedback on the Report. Provided CCNSW with written feedback.	Sent to CCNSW	N/A
JBD	06 September 2017	Agreed to meet in person.	Received on 16 November	25 October
LMA	07 September 2017	Determined that a meeting was not required. Provided written feedback in conjunction with the JBD.	Received on 16 November	N/A

10.2 Overall comments

There were a set of common themes throughout the consultation with stakeholders that mean they are unable to accept the Report in its current form. These include:

Stakeholder consultation – All stakeholders felt that there was not enough stakeholder consultation both in terms of the breadth of stakeholders interviewed as well as the length and duration of contact with the stakeholders that were interviewed. The stakeholders held a view that the original interview only allowed for introductory remarks that needed to be followed up. The stakeholders highlighted their request for additional interviews earlier in 2017.

Governance for what purpose – There is a view among stakeholders that a key question of the purpose of Rookwood needs to be answered before the question of an appropriate governance model can be determined. Some stakeholders are not convinced the case for change is strong enough to warrant movement away from the current trust structure.

Statutory drivers of reform – All stakeholders felt that the review needed to focus more on the legislative requirements of the Act and where responsibility lay for upholding the objects of the Act including affordability and availability of burials.

Consecrated land – Stakeholders stated clearly their belief that the land allocated to the five faith communities (Anglican, Catholic, Independent Christian, Jewish and Muslim) is consecrated land that means the stated communities have *equity* in the land. As such, they have stated they will reject unconditionally any proposed model that does not provide them with control over their consecrated areas.

Acquisition of land – The JBD and LMA state that the issue of land acquisition is not a governance issue but rather a matter for the NSW Government. The Chair of CCNSW stated that the consolidation of funds for the acquisition of new land is a fundamental governance issue that needs to be considered when deciding on an appropriate model. This has implications on the scoring of governance models based on the ability to acquire future land.

Who should manage Rookwood – Stakeholders felt that the absence of recommendations relating to ‘who’ – pertaining to either individuals or an organisation – should manage Rookwood detracted from the overall value of the Report.

Representative Board – If a one trust model is recommended and implemented, stakeholders are clear on their expectations that this board would include faith-based representation. There was a view that the CAC did not provide adequate levels of stakeholder representation.

Review of current performance – Stakeholders felt that there were limitations on the extent of analysis that had been undertaken with respect to the operational performance of the current trusts.

Legislative changes and progress since the initiation of the review – There have been a number of legislative changes since the initiation of the review. These include the development of the new *Crown Lands Act*, CCNSW undertaking a study into cemetery capacity in NSW and concerns over the legal status of Crown Trusts moving forward. There was a shared view among all stakeholders (including RNT) that these changes had implications for the recommendations of our Report and as such the Report needs to be considered in light of the new circumstances.

Elton Report – Stakeholders felt there needed to be reference to the Elton Report and its recommendations, including the progress achieved in delivering these recommendations. The review was commenced at a similar time to the appointment of the RGCR Administrator and it was a shared view that progress had been made in a number of areas since the appointment.

Scoring of the governance models – Stakeholders did not agree with the scoring system used to assess the different governance models. There was a view that any scoring system should be driven purely by the statutory requirements of the Act.

Acceptance of the final report – There was a shared view that the Report should either be placed on hold or would require significant rework and consultation if it is to be accepted by the stakeholders.

10.3 Conclusions from the feedback

There are a number of amendments that have been made to the Draft Report based on the stakeholder feedback provided in section 10.2 with the key changes being:

- An overall review of the language and tone of the Report
- Inclusion in the *Executive Summary* reference to the scope of the review and the limitations for the recommendations, as well as a clear description of the process for stakeholder consultation
- Re-wrote **Section 2** *Case for change* to focus on the legislative requirements of the Act and the needs of the different faith-based communities into the future
- Updated **Section 6** *Governance considerations* to include the need for specific cemetery experience on the board, which was also updated to discuss the potential of a faith-based board being able to meet the required skill sets
- Updated the diagram of the proposed One Trust model to only show the governance structure from the CEO and above, and made reference in the detail of the Report to the possibility of area managers
- Updated **Section 8** *Transition and Implementation* to make it clear that the recommendation of a one trust model does not imply a change in the current legal status of the trusts, and updated the section on the requirement to perform appropriate due diligence before any final decision is taken
- Included an additional section that summarises the main points of feedback from the stakeholders that have not been addressed in edits to the Report.

10.4 Preferred governance options – stakeholder views

The stakeholder groups presented a clear view on what form of governance arrangement they each felt would be appropriate at Rookwood. Given the response to the proposed model, it is worth considering what governance options would be most likely to gain approval by the majority of stakeholders.

10.4.1 Shared service model

The JBD and LMA were clear in their opinion that the most appropriate model would be one in which each of the five faith communities would have autonomy to manage the lands consecrated to them in accordance with their respective faith requirements. This could include a single board overseeing a central governance model but maintains the autonomy of the faith-based groups. They would all adopt, under central control apart from those faith requirements, a common financial and cost management structure so that there is uniformity, transparency and accountability in respect of each of the five consecrated areas.

Central administration including the setting of budgets, cost controls and financial management, overall land strategy, and heritage and environmental protection are examples of cemetery functions that can be centrally managed.

There would be a single Board overseeing the central management and the Board would include nominees from each of the five consecrated areas. Those Board members would collectively provide most, if not all, of the necessary expertise, skills and experience required as a matter of good governance.

This concept has not been tested with the CMCT or the RGCR and goes to the appointment of who should run Rookwood, which is not part of the scope of this review. The LMA added the additional caveat that a shared service model would need to include appropriate safeguards to ensure the Muslim community has the flexibility to implement innovations that better service their community.

10.4.2 Enhancement of the status quo

Another feasible option from a stakeholder point of view is to maintain the current three trust structure with an enhancement of the governance arrangements of the RGCRT. This would include the RGCRT returning to a representative board and providing the faith-based groups with much more autonomy to make decisions relating to their areas of land. This would include decisions around pricing in individual areas. A process would be required to bring the five faith-based groups together to jointly develop a Memorandum of Understanding that describes what decisions should be referred to the Board and how this would happen. The Board of this trust would need to be chaired by someone with the experience and leadership to manage the cultural and religious issues that may arise.

Both of these options would require further consideration of the Act and a clear determination from the NSW Government as to where responsibility lies for upholding the objects of the Act. Retaining the status quo was considered in the assessment section of the original review and was considered the next best option if moving to a one trust model was not deemed feasible.

10.4.3 One trust representative model

If a one trust model is implemented there is a common view that the board should include faith-based representation. There are differing views on the exact make up of faith-based representation but some stakeholders were clear on their desire that there be representation of the five key faith-based groups being the Jewish, Muslim, Anglican, Independent Christian, and Catholic faiths.

Appendix A Published terms of reference the for review

Purpose

Review and plan for future governance arrangements at Rookwood Cemetery.

Outcomes

Cemeteries and Crematoria NSW (CCNSW) reviews and recommends options for the future governance arrangements for Rookwood Cemetery.

CCNSW reports to the Minister administering the *Cemeteries and Crematoria Act 2013* outlining the findings and outcomes of each stage of the review.

Key stakeholders are appropriately consulted through the review process.

The review provides a strong and sustainable foundation for the future governance of Rookwood Cemetery. Findings must be credible and defensible in terms of process and outcomes.

Staging

The review will be undertaken in two stages.

Stage 1 -Rookwood Governance Review

Enable effective decision making around future governance arrangements based on an effective and comprehensive process and clear, substantiated recommendations.

Stage 2- Implementation Plan

Enable and support implementation of any decisions made as a result of the review and any endorsement of recommendations for changes to governance structure.

Accountability

CCNSW will be responsible for the review. A Steering Committee will oversee and assist with the review, comprising the Chair of Cemeteries and Crematoria NSW Board, the Chief Executive Officer of CCNSW and a senior executive of Department of Industry – Lands.

The review will be undertaken by a suitably qualified consulting firm with core capabilities in governance, engagement, strategy and evaluation.

Final review report(s) must be endorsed by the CCNSW Board prior to submission to the Minister.

Scope

Stage 1 of the review will consider matters including, but not limited to:

- the adequacy of current governance arrangements for the Rookwood Cemetery;
- issues and opportunities of relevance to the future of Rookwood Cemetery;
- options for future governance;
- strengths and weaknesses of those options; and
- A preferred option(s).

Stage 2 of the review will consider matters including, but not limited to:

- implementation staging and timeframes;
- resourcing requirements;
- Transitional needs.

Consultation

Appropriate consultation must be undertaken to inform the review, including:

- the CCNSW Board;
- Department of Industry – Lands, other relevant agencies;
- the three Rookwood Trusts;
- Other key stakeholders as identified.

Appendix B Scope of the Review

The NSW Minister for Primary Industries, and Minister for Lands and Water, the Hon. Niall Blair, MLC, requested a review of the governance arrangements in place at Rookwood Cemetery. PwC was appointed by Cemeteries and Crematoria NSW (CCNSW) on 16 June 2016 to perform this review, and provide recommendations for potential changes to the future governance arrangements.

Deliverables

This Report contains the outcomes of our assessment of seven proposed models and their ability to deliver sound governance that meets the current and future challenges of Rookwood. The report also sets out the proposed overarching governance principles and steps to transition from the status quo.

The Final Report must be endorsed by the CCNSW Board prior to submission to the Minister.

Oversight and accountability

As the Cemeteries Agency, CCNSW appointed PwC to undertake this engagement. The work itself was supervised by a Steering Committee, whose role it was to oversee and provide advice to assist with the review. PwC met with the Steering Committee in this capacity during our engagement on thirteen occasions, between 1 July 2016 and 25 January 2017.

During the course of our review, the Steering Committee was constituted by:

- A member of the Cemeteries and Crematoria NSW Board, as Chair of the Steering Committee
- The Chair of Cemeteries and Crematoria NSW Board
- The Acting-Chief Executive Officer of CCNSW
- A senior executive of Department of Industry – Lands.

Scope

The scope of this review required PwC to consider the current and future governance needs of Rookwood Cemetery, in the context of its relevance to the diverse multi-faith user community, and the objects of the Cemeteries and Crematoria Act 2013. PwC considered the following:

- the current governance arrangements for Rookwood Cemetery
- community views, issues and opportunities of relevance to the future of Rookwood Cemetery
- options for future governance
- strengths and weaknesses of those options
- preferred option(s)
- implementation staging
- Transition needs.

Scope exclusions

Currently, the responsibility for the governance of Rookwood is divided between three Crown cemetery trusts. Under this structure, each has separate geographic and functional responsibilities, and are managed by three separate managers:

- The Catholic Metropolitan Cemeteries Trust, which is managed by a corporation, the Catholic Cemeteries Board.
- The Rookwood General Cemeteries Reserve Trust, which is managed by an Administrator
- The Rookwood Necropolis Trust, which is managed by a trust board constituted by an independent chair, and the CEO from both the CMCT and RGCRT.

Our scope was limited to the structure of the trust, or trusts, to deliver sustainable governance at Rookwood Cemetery.

The scope of our review excluded the following:

- Any review of the performance or the effectiveness of the existing Crown cemetery trust operators.
- Any consideration of/or recommendations in relation to any current or future persons/entities that may be candidates for appointment as manager of the trust(s).
- An assessment of the legal status of each of the Rookwood trusts, and the ownership of the assets within each. This Draft Report is written relying on the assumption provided by CCNSW that all three of the trusts at Rookwood cemetery are Crown cemetery trusts, and the ultimate owner of the assets in these trusts is the NSW Government.
- The requirements and challenges of the governance of arrangements at cemeteries other than Rookwood.
- Review or assessment of the perpetual maintenance liability for Rookwood cemetery, including any estimates of the liability obtained by either trust.
- Review or assessment of the current land availability at Rookwood cemetery.
- Any model which did not include a Crown cemetery trust. For the purpose of this Report, a trust is a reserve trust established under the Crown Lands Act 1989 in relation to a reserve that is dedicated or reserved for the purposes of a public cemetery or crematorium or a related purpose.⁶⁴ Crown cemetery trusts are accountable to Cemeteries and Crematoria NSW through provisions detailed in the Cemeteries and Crematoria Act. While we were open to hearing all views on governance models, the implications that such a structure would have on the governance of Crown cemeteries in NSW meant that models which did not include a Crown cemetery trust were excluded from our scope.
- The General Crematorium lease arrangements. PwC understand that the General Crematorium at Rookwood is subject to a 99 year lease, and that the current lessee is Invocare, a listed company providing funeral services. Engagement with lessee and the appropriateness or future of the crematorium lease arrangements were not included in our scope.

⁶⁴ *Cemeteries and Crematoria Act 2013* (NSW), s71

Approach

In forming the recommendations contained in this Draft Report, the review team approached this engagement over eight stages of work:



Stage	Activity								
1. Project initiation	At the inception PwC met with CCNSW and the Steering Committee, along with several introductory meetings with the stakeholders identified by the Steering Committee.								
2. Data gathering	PwC gathered documents pertinent to our review, to increase the review team’s knowledge and understanding of Rookwood, and the cemeteries and crematoria industry. PwC’s initial meetings with the existing trust managers included the Rookwood Necropolis Trust CEO, and a comprehensive tour of Rookwood Cemetery – to help the review team to understand the physical complexities and the size and nature of Rookwood, along with the profound history that they represent.								
3. Functional requirements	<p>PwC developed a set of functional requirements as the key attributes of a sustainable governance model for Rookwood. PwC did this using our understanding of: good governance, experience with government agencies, as well as working with CCNSW and the Steering Committee.</p> <p>To develop these functional requirements PwC considered:</p> <ul style="list-style-type: none"> • The legislative and regulatory environment acting on Rookwood cemetery. • The role of CCNSW. • The views and needs of the faith and community based stakeholders. • The context of diminishing land availability for interment in NSW. • Our understanding of better practice governance. 								
4. Consultation	<p>The PwC review team worked with the Steering Committee to ensure that our approach had appropriate oversight and guidance. PwC met with the Steering Committee in this capacity during our engagement on thirteen occasions, between 1 July 2016 and 19 December 2016.</p> <p>At the meeting on 6 October 2016, the Steering Committee approved the final version of the PwC team’s strategy for stakeholder engagement and consultation. With the assistance of the Steering Committee PwC engaged with Rookwood’s key stakeholders to understand their views on desirable characteristics of future governance arrangements at Rookwood.</p> <p>PwC consulted with representatives from nine key stakeholder groups for Rookwood Cemetery, in addition to initial contact that was made with the representatives from the three existing trust operators.</p> <table border="1"> <thead> <tr> <th>Stakeholder Group</th> <th>Correspondence date</th> </tr> </thead> <tbody> <tr> <td>The Chinese Australian Services Society Limited</td> <td>23 August 2016 (in writing)</td> </tr> <tr> <td>The Catholic Metropolitan Cemeteries Trust and Catholic Cemeteries Board</td> <td>18 October 2016</td> </tr> <tr> <td>The Lebanese Muslim Association</td> <td>21 October 2016</td> </tr> </tbody> </table>	Stakeholder Group	Correspondence date	The Chinese Australian Services Society Limited	23 August 2016 (in writing)	The Catholic Metropolitan Cemeteries Trust and Catholic Cemeteries Board	18 October 2016	The Lebanese Muslim Association	21 October 2016
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Stage	Activity
	The Rookwood Necropolis Trust 27 October 2016
	The Jewish Board of Deputies 27 October 2016
	The Rookwood General Cemeteries Trust (Administrator) 28 October 2016
	The Armenian Diocese 11 November 2016
	Diocese of the Russian Orthodox Church in Australia & NZ 11 November 2016
	The Chinese Australian Historical Society 11 November 2016
	The Rookwood General Cemeteries Trust (acting Chief Executive) 13 December 2016
	<p>PwC then had direct consultation with nine key stakeholder groups for Rookwood cemetery.</p> <ul style="list-style-type: none"> The Chinese Australian Services Society Limited The Catholic Metropolitan Cemeteries Trust and Catholic Cemeteries Board The Lebanese Muslim Association The Rookwood Necropolis Trust The Jewish Board of Deputies The Rookwood General Cemeteries Reserve Trust (<i>the Administrator and Acting-CEO</i>) The Armenian Diocese Diocese of the Russian Orthodox Church in Australia & NZ The Chinese Australian Historical Society <p>These stakeholders were briefed about:</p> <ul style="list-style-type: none"> The nature of the review A summary of the high level approach the review team had taken A summary of the high level next steps that the review team would undertake A consultation paper which outlined the draft assessment framework, a summary of the background information, and the draft functional requirements. <p>PwC also contacted several other stakeholder groups, but did not receive feedback on the information provided.</p>
5. Analysis	<p>Working with the Steering Committee, the PwC review team collated and analysed the feedback from the stakeholders. The feedback was reviewed to understand the key themes and priorities of the stakeholders for a sustainable model of governance at Rookwood. This analysis informed changes to the functional requirements, and was used to assist PwC in the design of potential governance models for assessment against the functional requirements.</p>
6(a) Model design and assessment	<p>Using the analysis of the feedback from the stakeholders and data gathered throughout the engagement, seven governance models were developed for assessment. In developing these models, PwC considered a range of options which included the continuation of the status quo trust structure, as well as considering the strengths and weaknesses of reducing or establishing additional trusts to govern Rookwood.</p> <p>To arrive at the seven governance model options, we drew on our understanding of the following:</p> <ul style="list-style-type: none"> The strategic, operational and stakeholder responsibilities of the current governance structure.

Stage	Activity
	<ul style="list-style-type: none"> The legacy of the dedicated faith-based areas and the religious and cultural uses and connections with the cemetery lands. The ability, provided by the Act, to appoint more than one Crown cemetery operator⁶⁵ of a Crown cemetery trust⁶⁶, with separate functions for each the trust.
<p>6(b). Model assessment</p>	<p>The models were then evaluated against each of the functional requirements, to determine which structure would most effectively meet Rookwood’s challenges. Each component of the functional requirements was weighted equally, and measured using a score of either:</p> <ul style="list-style-type: none"> -1 – the model is ineffective or inefficient in delivering on that functional requirement 0 – The model neither adds nor detracts from the ability to deliver on that functional requirement +1 – the model is positive in the efficiency and/or effectiveness with which it delivers on the functional requirement <p>Based on this assessment we provided a view and rating of the overall effectiveness of each of the governance models.</p>
<p>7. Detailed governance arrangements</p>	<p>For the options that scored the highest, PwC identified the attributes of good governance that needed to be embedded in the governance framework. To develop these concepts, PwC considered, among other things, the good governance principles from:</p> <ul style="list-style-type: none"> Audit Office of New South Wales, Governance Lighthouse – Strategic Early Warning System (February 2015) ASX Corporate Governance Council (ASX), Corporate Governance Principles and Recommendations (3rd Edition, March 2014) Australian National Audit Office (ANAO), Public Sector Governance – Strengthening Performance through Good Governance, Better Practice Guide (June 2014) Department of Premier and Cabinet (DP&C), DP&C Boards and Committees Guidelines
<p>8. Transition</p>	<p>Recognising the changes required to move from current state to the recommended future state governance arrangements, PwC developed guidance for the transition. PwC considered the process required to achieve the recommended model, including the timing, the need to consult stakeholders and resources. PwC then developed three steps that would be required to achieve this transition.</p>

⁶⁵ *Cemeteries and Crematoria Act 2013* (NSW), s71 –the Crown cemetery operator means the person or body having management of the affairs of a Crown cemetery trust.

⁶⁶ *Cemeteries and Crematoria Act 2013* (NSW), s73.

Appendix C Future governance arrangements for Rookwood Cemetery

Stakeholder consultation paper

Draft assessment framework

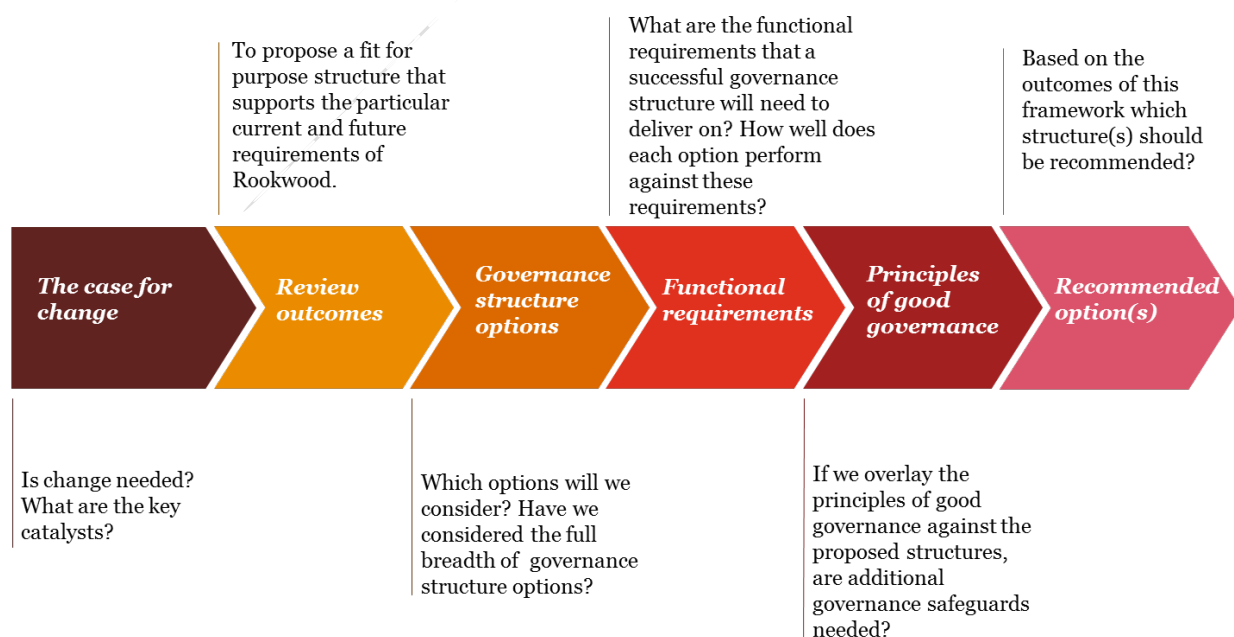
The NSW Minister for Primary Industries, and Minister for Lands and Water, the Hon. Niall Blair, MLC, requested a review of the governance arrangements in place at Rookwood Cemetery. PricewaterhouseCoopers Consulting (Australia) Pty Limited (PwC) has been appointed by Cemeteries and Crematoria NSW (CCNSW) to perform the independent review, and provide recommendations for the future governance arrangements that will best deliver on the stakeholder and community requirements for Rookwood into the future.

To ensure that any recommendations are robust and credible, PwC have developed (in close consultation with the CCNSW Project Steering Committee) an assessment framework through which this engagement will be conducted. Below is an outline of the assessment framework and a brief description of how we will use each component to develop recommendations to enable sound governance for Rookwood into the future.

In this paper we have included an overview of:

- A brief understanding of the history of Rookwood.
- Our approach to considering the full breadth of governance structure outcomes.
- The functional requirements that a recommended governance structure will need to be capable of delivering against in any future arrangements.

This confidential paper has been prepared to support the consultations with stakeholders of Rookwood Cemetery, with the aim of gathering information around the stated criteria, and to further understand stakeholder needs for any future governance arrangements.



The Background

In making recommendations about the future of Rookwood Cemetery, we have sought to understand some key elements of its past.

We understand that in 1867, the Necropolis Act provided 200 acres for allocation as burial grounds for the Church of England, Roman Catholic, Presbyterian, Wesleyan, Independent and Jewish denominations as a General Cemetery. Each had a separate faith-based trust that managed, maintained and promoted the interests of their respective communities.

In 1893, a further 577 acres were dedicated as burial grounds for the Lutheran and Primitive Methodist faiths, and additional burial grounds for the Church of England, Roman Catholics, Presbyterian Wesleyan, Independent and Jewish denominations.

In the years that followed, a number of additions and swaps of land were made, including:

- 1923, when the Necropolis Act 1923 allowed the then Minister to adjust boundaries; and
- 1978, when land previously allocated to the Church of England was relinquished and re-dedicated as a Muslim area.
- 2013, the further decision that the area known as Lot 10 to be split in half to be dedicated to the Jewish and Muslim faiths.
- In 2012 the existing non-Catholic trusts at Rookwood; i.e. the Muslim, Jewish, Independent, Anglican and General trusts were amalgamated to form the Rookwood General Cemeteries Reserve Trust (RGCRT).
- At the same time, broad base of cemetery reforms were introduced in NSW including the *Cemeteries and Crematoria Act 2013* (NSW) (the Act), which also created the Cemeteries and Crematoria NSW (CCNSW) as the cemeteries agency in NSW. The Act specified nine objectives of the act that are required to be upheld by CCNSW:
 - (a) *to recognise the right of all individuals to a dignified interment and treatment of their remains with dignity and respect,*
 - (b) *to ensure that the interment practices and beliefs of all religious and cultural groups are respected so that none is disadvantaged and adequate and proper provision is made for all,*
 - (c) *to ensure that sufficient land is acquired and allocated so that current and future generations have equitable access to interment services,*
 - (d) *to provide for the operation of a consistent and coherent regime for the governance and regulation of cemeteries and crematoria,*
 - (e) *to ensure that the operators of cemeteries and crematoria demonstrate satisfactory levels of accountability, transparency and integrity,*
 - (f) *to ensure that cemeteries and crematoria on Crown land are managed in accordance with the principles of Crown land management specified in section 11 of the Crown Lands Act 1989,*
 - (g) *to promote environmental sustainability of the interment industry, including provision for natural and private burials,*
 - (h) *to promote that cost structures for burials and cremations are transparent across all sectors of the interment industry,*
 - (i) *to promote affordable and accessible interment practices, particularly for those of limited means.*

- The Act also created the Cemeteries and Crematoria NSW (CCNSW) to be the centre of proactive policy development for the interment industry, and to ensure that sufficient land is acquired and equitably allocated to meet the burial needs of all communities, religious and cultural groups in a way that respects and upholds their various beliefs and practices.

Today, at more than 700 acres, Rookwood is the largest cemetery in the Southern Hemisphere. Rookwood is a place of great personal, cultural, religious and heritage significance for many, serving as the resting place for more than 90 religious and cultural denominations.

Governance structure options

A key outcome of our engagement is to make recommendations about the most appropriate governance structure to meet Rookwood’s future needs.

Currently, Rookwood operates under a three trust structure, which is managed by:

- The Catholic Cemeteries Board;
- The Rookwood General Cemeteries Reserve Trust (Administrator appointed); and
- The Rookwood Necropolis Trust – the Board of which is constituted by an independent chair, the CEO from both the CMCT and RGCRT.

In forming the basis for our recommendation, the full breadth of options for this structure are going to be considered. This may include a continuation of the status quo trust structure, as well as considering the strengths and weaknesses of reducing or alternatively, establishing additional trusts to govern Rookwood.

The functional requirements

In making any recommendations, PwC will have regard to a set of ‘functional requirements’ that, if appropriately managed, would underpin a sustainable governance structure that is more likely to meet the unique challenges of Rookwood cemetery now and into the future.

The effectiveness with which the governance structure(s) will be able to meet the functional requirements will be assessed according to the professional judgement of PwC. This assessment will consider aspects such as costs, risks, levels of transparency and sustainability.

Below is a list of the functional requirements that a future governance model must be capable of meeting to successfully manage Rookwood cemetery.



#	Principle	Description
Strategic		
1	Good governance	The extent to which the governance structure will enable the promotion of good governance practices, including: integrity, accountability, transparency, compliance, as well as equitable and efficient decision making and performance in its relationships with stakeholders within and external to the Cemetery, for the good of the people of NSW.
2	Perpetual maintenance	The extent to which the governance structure is able to make strategic decisions to manage Rookwood cemetery in a way that both the land and its resources are sustained for use in perpetuity. This includes the degree to which the structure is capable of funding an appropriate level of maintenance after the cemetery has been buried out.
3	Revenue management	The extent to which the governance structure is capable of effective revenue raising through suitable economic activities from Rookwood Cemetery or cemetery trust assets, while keeping uses: <ul style="list-style-type: none"> • in accordance with the reserve’s purpose as a cemetery; • within the objects of the trust(s); • within the Constitution of the Corporation; and • consistent with the type that an ordinary person might consider in keeping with the brand of Rookwood, or a cemetery trust operator.
4	Investment management	The extent to which the governance structure is capable of investing trust monies: <ul style="list-style-type: none"> • with the care, diligence and skill that a prudent person would demonstrate; • in a form not prohibited by the <i>Investment policy for trust boards managing crown reserves and commons</i>; and • consistent with the use of public monies generally. <p>And keeping such records to provide an accurate account of that money.</p>
5	Land acquisition	The extent to which the governance structure is capable of addressing the diminishing land availability and equitable interment access needs of faith and cultural denominations at Rookwood. This includes consideration of the ability to leverage the available assets to deal with this issue through the purchase of additional land or an arrangement with another cemetery.
Operational		
6	Equitable access	The extent to which the governance structure can ensure that allocation and pricing decisions at Rookwood will enable equitable access to the interment services and lands managed by the trusts, in a way that respects the needs and beliefs of all religious and cultural groups so that none are disadvantaged.
7	Financial management	The extent to which the structure can, in the delivery of services, operate transparently and with integrity, including having appropriate resources for: <ul style="list-style-type: none"> • record keeping; • maintenance of appropriate systems and processes for financial management and reporting; and • oversight of cost, revenue and perpetual maintenance.

#	Principle	Description
8	Operations management	<p>The extent to which the governance structure will enable an operator to transparently and efficiently manage the operations of the trust in a cost effective manner. This includes being able to efficiently manage:</p> <ul style="list-style-type: none"> • Culturally appropriate services and practices; • Government levies; • Staff wages and entitlements; and • Operating costs and maintenance. <p>This also includes the extent to which the structure provides an appropriate point of contact for the stakeholders.</p>
9	Asset management	<p>The extent to which the governance structure is capable of maintaining the assets of the trust (buildings, land, equipment) in an appropriate and effective manner giving consideration to the significance of some assets to cultural and faith-based groups. This may include:</p> <ul style="list-style-type: none"> • management and maintenance of trust assets; and • upgrades to and/or purchase of trust assets.
10	Environmental Sustainability and Heritage	<p>The extent to which the governance structure will enable consistent application of standards in the sustainable management of Rookwood’s flora and fauna, and heritage. The governance structure needs to be capable of making operational decisions that use the limited resources available to balance the requirements of operating cemetery with the need to protect and sustain the environment and heritage of Rookwood.</p>
11	Religious and cultural respect	<p>The extent to which the governance structure will enable the demonstration of a deep understanding and respect for the religious and cultural traditions that have had/continue to have a connection with Rookwood, and those laid to rest there.</p>
Stakeholder		
12	Interment practices	<p>The extent to which the governance structure will enable respect for the interment practices and beliefs of religious and cultural groups, including opportunities to explore renewable rights services.</p>
13	Effective stakeholder engagement and communication	<p>The extent to which the governance structure can effectively manage ongoing stakeholder engagement and communications – so that it can be, and be seen to be, promoting integrity, accountability, transparency in decision making and the operational management of Rookwood cemetery in a manner that meets the needs of the people of NSW.</p>
14	Community engagement and consultation	<p>The extent to which the governance structure will enable community engagement and consultation to build trust in the integrity of the day-to-day management of Rookwood cemetery.</p> <p>This will include:</p> <ul style="list-style-type: none"> • interfacing with faith groups to ensure interment practices are observed. • Involvement in appropriate strategic and operational decisions with the faith and cultural denominations who have a long shared connection with the land and those laid to rest there.
15	Balance of competing interests	<p>The extent to which the structure will enable equity, and the balancing of competing interests at Rookwood. The governance structure at Rookwood must be capable of balancing the interests of a number of stakeholders and objects to deliver an equitable approach to the management of Rookwood. Especially with respect to the key areas of:</p> <ul style="list-style-type: none"> • allocation of any additional lands at Rookwood • protecting the current land allocations as specified in the Gazette

Appendix D Terms of Reference for further consultation to finalise the Rookwood Future Governance Review

Note: the specified work is a supplement to work specified in Request for Services DI-DPI-16-42, Rookwood Cemetery Strategic Governance and Reform Review 2016 – Future Governance Arrangements for Rookwood Cemetery, awarded to PwC in April 2016.

Purpose: Consultation on the findings and recommendations of the Draft Rookwood Future Governance Report; provision of a Consultation Report; provision of a Final Rookwood Future Governance Report

Actions to be undertaken:

1. Consult with key stakeholder groups on the findings and recommendations of the Draft Rookwood Future Governance Report, including
 - Whether the recommendation of single trust is supported, and why; whether a single trust would be responsible for Rookwood (only) or for Western Sydney region Crown cemeteries
 - Which of the transition and implementation steps are supported, and why
 - What other governance arrangements, and strengthening, transition and implementation considerations should be taken into account, and why
2. Consult with key stakeholder groups on particular requirements relevant to
 - 3.2 governance and operational ‘autonomy’ in management of the interment needs of the Muslim and Jewish communities (Draft Report page 13)
 - 7.1.3 Ensuring religious and cultural requirements are maintained (under ‘autonomous’ arrangements)

Note: **autonomy** in terms of appropriately managing the land and interment needs of stakeholder communities
3. Determine and recommend balanced ‘autonomy’ arrangements to be provided in Rookwood’s future service arrangements, measures necessary to support them (governance, operational), and an implementation approach
Note : **balanced**; ie, taking into account the requirements and preferences of communities, considerations raised by Crown cemetery trusts, and the functions and responsibilities of a Crown cemetery operator as detailed in the *Cemeteries and Crematoria Act 2013* and other relevant regulations and guidelines
4. Determine, justify, gain approval for, and complete revisions to the Draft Rookwood Future Governance Report, in response the consultation findings; and provide for approval a Final Rookwood Future Governance Report, including recommended Structure and Transition and implementation arrangements.

Deliverables:

Upon commencement, a detailed Work Plan for the conduct of the work.

A Rookwood Future Governance Consultation Report, detailing

- Responses of key stakeholder groups on the findings and recommendations of the Draft Rookwood Future Governance Report
- Recommended balanced ‘autonomy’ arrangements, the governance and operational measures necessary to support them, and implementation approach
- Amendments proposed to be made to the Draft Report in response to the consultation, and related justifications.

A Final Rookwood Cemetery Future Governance Report.

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